
Transamerica Small Business Retirement Survey

Summary of Findings

October 16, 2003

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FOR RETIREMENT STUDIESSM



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Background and Objectives

- The Transamerica Center for Retirement Studies (the Center) has been established by Transamerica Life and Annuity Company to promote knowledge and understanding of retirement issues, particularly those facing employers and workers in small to mid-sized companies.
- In August 2003 Transamerica commissioned Harris Interactive to conduct surveys among employers and workers in these companies. The surveys were designed to meet two of the Center's goals:
 - Monitor and report on emerging retirement trends, *and*
 - Analyze employer and worker-related retirement issues.
- Transamerica commissioned four previous surveys of workers and employers in 1998, 2000, 2001, and 2002. Findings from each of these surveys were also publicly released.
 - Analyses of previous survey results regarding workers focused on Baby Boomers and Gen Xers. The current study continues that focus.
 - The 2003 study was designed to explore new and timely issues concerning retirement planning and security and to revisit key questions asked in prior waves.
 - Results from the 2003 study are compared to those from 2002, noting trends and changes of particular interest concerning retirement planning and financial security issues.

Methodology

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Study Statistics

- Telephone interviewing was used for both employer and worker segments.
 - RDD (random digit dial) worker sample was purchased from Survey Sampling.
 - Qualified respondents reside in the dialed household and currently are employed full time in a company with 10-500 employees. Employees of public/government agencies were excluded.
 - Minimum age for participation was 18 years.
 - *Screening criteria for previous waves are included in the Appendix.*
 - Employer sample stratified by employee size was purchased from Dun & Bradstreet.
 - Qualified respondents work at companies with 10-500 employees and have a role in decisions about employee benefits.
 - The sample excluded government, public administration, schools and religious organizations.
 - *Screening criteria for previous waves are included in the Appendix.*
 - Telephone interviewing began 08/12/03 and continued through 08/27/03 for employers. The fieldwork period for workers was 08/11/03 through 09/03/03.
 - Final sample sizes and related precision levels (90% confidence) are:
 - 300 Employers, $\pm 4.7\%$
 - 600 Workers, $\pm 3.0\%$
 - Including screening time, the Worker survey averaged 16 minutes, and the Employer survey averaged 14 minutes.



Reporting the Data

- This report uses the following terminology for types of retirement plans:
 - **An Employee-funded Plan** is a ‘401(k) or other employee self-funded plan in which the employees contribute to their retirement accounts and that may include company matching funds. These include 401(k)’s, 403(b)’s, SIMPLE, SEP, or some other type of plan.’
 - **A Company-funded Plan** is a ‘Company-funded pension plan, that is a retirement plan in which retirees are provided a set benefit at retirement or receive regular contributions to a retirement plan, such as a profit-sharing plan.’
- Proportions may not add to 100% due to rounding or where ‘don’t know/refused’ responses are not explicitly shown or where multiple responses were allowed.
- All findings (means, medians, and proportions) are reported weighted; sample sizes are reported unweighted.
 - Employer data were weighted based on employee size distributions reported by Dun & Bradstreet within the 10-500 employee size range.
 - Worker data were weighted using the Harris Interactive demographic targets that are standard for the Harris Poll surveys. These include gender, age, education, ethnicity, region, household size, and number of phone lines. In addition, the worker sample was weighted to reflect the distribution of employees in 10-500 employee businesses.
 - Where sample sizes are extremely small, number of mentions are reported.



Reporting the Data

Tests of statistical significance of findings were conducted at the 90% confidence level.



Indicates notably or significantly greater percentage



Indicates notably or significantly lower percentage

Key Findings - 2003

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Workers' Personal Economic Outlooks are Positive

- Workers continue to believe that their personal financial future is brighter than the country's economic future – half (49%) feel their personal financial situation will get better in the next 12 months, while about 4-in-10 (42%) feel the economy will improve.
 - While 1-in-5 workers (22%) expect the economy will get worse, fewer than 1-in-10 (7%) expect their personal situation to worsen.
- This personal optimism in their future financial situation is reflected in workers' confidence about achieving a comfortable retirement lifestyle - two-thirds (68%) are at least somewhat confident they can meet this goal.
 - However, twice as many (14% vs. 7% in 2002) are not at all confident that they will achieve a comfortable retirement lifestyle.
 - Employers continue to underestimate their workers' level of confidence, but the gap is closing. In 2003 about one half (54%) of employers believe their workers are at least somewhat confident about their financial future compared to 48% in 2002 and 40% in 2001.



Workers and Employers Differ on Company Concern for Workers' Financial Security

- About two-thirds (68%) of workers believe their employer is very (27%) or somewhat (41%) concerned with helping them attain a financially secure retirement.
 - However, the proportion of workers who feel their company is very concerned declined from 35% in 2002 to 27% in 2003. At the other extreme, the proportion saying the company is not at all concerned increased from 8% in 2002 to 11% in 2003.
 - These changes may be a result of an upward trend in workplace experiences such as layoffs, downsizing, frozen salaries, and eliminated bonuses.
 - Even though fewer workers believe their employers are very concerned with their financial security, workers are more likely to say that their company's concern has increased (18%) rather than decreased (11%) over the past 12 months.
- Employers are more likely than their workers to report that they are concerned with helping workers achieve financial security. Most employers (85%) feel they are very (35%) or somewhat (50%) concerned with helping workers attain a financially secure retirement.
 - Employers are also less likely than workers to believe their concern has decreased over the past 12 months (4% vs. 11%).
- The disconnect between workers and employers appears to be widening. Although differences are not statistically significant, workers' perceptions of company concern are more negative while those of employers are more positive in 2003 than they were in 2002.



Retirement Plans Are a Key Factor in Hiring and Retaining Workers

- When given a choice between two jobs - one with a lower salary but excellent retirement benefits and the other with a higher salary but poor retirement benefits – workers appear to be shifting their priorities towards shorter-term goals rather than long-term security. Workers still favor the lower salary/better benefits option (51% vs. 45% for the higher salary option), but the margin of preference continued to narrow in 2003.
 - Gen Xers place a lower premium on benefits. They are more likely to choose the higher salary/poorer benefits option, while Baby Boomers are more likely to choose the lower salary/better benefits option.
 - The current job market appears to be having an effect on likelihood to leave the current company to work for a nearly identical job that offers retirement benefits. Just 4-in-10 (42%) are now likely to do so, down from 55% in 2002.
- Employers continue to believe workers are much more salary-focused. Two-thirds of employers (68%) believe workers will choose the higher salary, while fewer than half as many (30%) believe workers will choose better benefits.
 - Employer responses are likely based on what they hear from job applicants and departing employees. To the extent that workers state their real reasons for employment decisions to the hiring company or in the exit interview, employer perceptions may be more predictive of actual behavior.



Retirement Plans Are a Key Factor in Hiring and Retaining Workers, cont'd.

- In reaction to the uncertain economic climate of the past few years, many small businesses have been forced to make very difficult decisions. In the past 12 months, employers have reported downsizing (32%), frozen salaries (23%) and eliminated bonuses (19%).
 - These actions by employers may have been necessary to cut costs, but were taken by less than half (46%) of employers.
 - Gen Xers were more likely to have experienced layoffs/downsizing in the past 12 months than they did in 2002 (36% vs. 28%), while Baby Boomers were more likely to have experienced frozen salaries (29% vs. 21%). This may be a factor in the apparent shift among younger workers to choose higher salaries over better benefits. They are less confident in their job security.
- Over this same 12-month period, however, worker retirement plans have seldom been reduced or eliminated (5%). Employers appear to recognize the importance of these benefits in attracting and retaining workers.
 - The large majority of employers believe that employee-funded retirement plans are important in attracting and retaining workers (74% believe they're very/somewhat important in attracting workers and 75% very/somewhat for retaining workers). A similar proportion (77%) say their employees rate these plans as very/somewhat important.
 - But workers clearly still attach higher importance to employee-funded retirement plans, with nearly all (91%) rating them very/somewhat important.
 - The 'very important' ratings differ by nearly a factor of two: 58% of workers give this rating, but employers believe only 32% of their employees feel this strongly.



Retirement Plans Are a Key Factor in Hiring and Retaining Workers, cont'd.

- Workers and employers continue to agree on worker preferences for employee-funded or company-funded retirement plans.
 - When given a choice between two jobs - one with an employee-funded company-matched 401(k) plan and the other with a company-funded plan, workers prefer the employee-funded plan, with 65% choosing the employee-funded plan and fewer than half as many (28%) choosing the company-funded plan.
 - Employers echo these choices – about two-thirds (68%) believe workers will choose the employee-matched company-funded plan and 29% believe they will choose the company-funded plan.
 - However, there appears to be some shift towards a preference for a company-funded plan. Both workers and employers chose the company-funded plan more frequently in 2003 than in 2002 (28% vs. 21% for workers, 29% vs. 21% for employers).
- It is clear that to be competitive in the marketplace for talented workers, companies must continue to offer a retirement plan, preferably an employee-funded plan with a company match included.
 - Offering this type of plan benefits both parties. Workers can save for their retirement and maintain ownership and control of their savings, while employers can reduce their costs, transfer the investment risk from themselves to their employees, and likely increase worker satisfaction and loyalty.
 - However, company-funded plan offerings were reported more often in 2003 than in 2002 by both workers (51% vs. 43%) and employers (32% vs. 27%). This greater exposure may contribute to the small shift in preference for company-funded plans.



Employee-Funded Retirement Plans Continue to Be Important to Workers

- Employee-funded retirement plans are nearly as important to workers as health and disability insurance.
 - Consistent with their job choice preferences, workers rate employee-funded plans more important than company-funded plans (58% vs. 44% very important; 91% vs. 84% very/somewhat important).
 - Employers continue to underestimate the value of these plans to their workers.
- Currently, workers report that 6-in-10 small businesses offer a 401(k) plan and about the same proportion (61%) of workers overall participate. Both of these statistics are down slightly from 2002.
 - Participation among Gen Xers decreased significantly, from 69% in 2002 to 59% in 2003, but Baby Boomers increased their participation rates from 71% to 77%.
 - About one-half of those who are not currently participating plan to do so in the future.
 - The average percentage of salary contributed remains at about 9%.
 - Only a modest proportion of employers who do not offer a plan are likely to implement one. A sustained economic recovery may be needed before these employers believe they are in a position to offer plans.
- More than two-thirds of employers (68%) report offering a match to participants. Workers continue to place high value on a company match, with 91% rating a match very/somewhat important and more than half (56%) rating it very important.
 - Employers recognize workers' desire to receive a company match, but they underestimate the strength of workers' sentiments (70% very/somewhat important).



Selecting and Managing Retirement Plans

- When deciding on which type of retirement plan to offer its employees, 4 out of 5 companies seek advice from outside sources – most often from a financial planner or broker (47%).
- Once the retirement plan is established, it is re-evaluated annually by approximately one-half (53%) of companies.
 - Fewer companies report evaluating their retirement plans on a yearly basis than in 2002 (67% vs. 53%), which may explain why such a high proportion (85%) of companies report that their current 401(k) plan has been in place for 3 years or longer.
 - One-fifth (21%) of employers report making changes to their 401(k) plan and 10% report making changes to their company-funded plan in the last year.



Attitudes Differ between Workers and Employers

- When asked about several aspects of retirement planning and management of the company plan, workers are more positive about their retirement future and say they are becoming more involved in their retirement savings. Employers hold a less favorable view of their employees' ability to achieve their financial goals and see workers as apathetic about their retirement planning and finances in general.
 - Just over half of workers (54%) agree strongly/somewhat that they could work until age 65 and still not save enough to meet their retirement needs, while 90% of employers feel their workers will not have saved enough by age 65.
 - Workers recognize they need more knowledge about investing (71% of workers agree strongly/somewhat that they 'Don't know as much about investing as I should') and would like their employer to take a more active role in this education. Employers see a greater need for education (95% agree strongly/somewhat), but they are less aware that workers would like them to provide it.
 - Workers are less likely to say they are inclined to postpone thinking about retirement investing until retirement age than their employers think they will (31% of workers strongly/somewhat agree to this compared to 73% of employers).
 - Employers also underestimate the level of involvement of their workers with managing their investments. More workers (79%) than employers (50%) strongly/somewhat agree that they are very involved in these activities.
 - More than twice as many workers as employers disagree strongly with the statement that they prefer outside experts to monitor and manage their retirement accounts (41% workers vs. 18% employers).
 - Workers also see a larger role for government in setting guidelines and creating programs aimed at safeguarding employee retirement benefits (71% of workers strongly/somewhat agree vs. 55% of employers).



Attitudes Differ between Workers and Employers, cont'd.

- On topics related to the existing employee-funded plan, workers appear slightly more negative than their employers.
 - Nearly all employers (94%) believe strongly/somewhat that they have the best interests of employees in mind, but fewer workers (84%) agree.
 - The gap is greater for strong agreement: 78% of employers strongly agree vs. only 46% of workers.
 - Two-thirds of employers (65%) strongly agree they give out enough plan information, but only 54% of workers agree.
 - Most employers (82%) strongly agree they give out accurate information about how the plan is doing, compared to 74% of workers.
 - But, the two groups have more similar perceptions about whether the plan exposes workers to significant financial risk (workers 30% strongly/somewhat agree vs. employers 24%).

Key Trends - 1998 to 2003

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Key Trends - 1998 to 2003

- All five surveys conducted on behalf of the Center have explored attitudes about retirement, the role of employers' plans in retirement planning, and financial preparedness.
 - Although the sample design and qualification criteria have been modified in some years, several key themes have emerged*.
- Although the importance of having an employee-funded plan has remained steady since 2002, the percent of companies that report offering an employee-funded plan is down slightly from 67% in 2002 to 63% in 2003*.
 - Gen Xers are more likely to report being offered a company funded plan (53% vs. 38% in 2002).
 - Companies that currently don't offer an employee-funded retirement plan are even less likely to do so in the future that a year ago (57% of these companies in 2003 report being not at all likely to offer an employee-funded retirement plan in the next 2 years, vs. 44% in 2002).
- Workers participation in employee-funded retirement plans is down slightly (61% in 2003 vs. 69% in 2002).
 - Gen Xers are the primary contributor to this trend, as fewer report participating in this type of plan than a year ago (59% in 2003 vs. 69% in 2002).
 - The downward trend in participation may be due to the reported decline by Gen Xers of company matching of employee contributions (71% in 2003, down from 84% in 2002).

*Not statistically significant.



Key Trends - 1998 to 2003, cont'd.

- When offered the choice between a job offering a better salary but less favorable retirement benefits and one with a lower salary but better retirement benefits, workers have consistently preferred the lower salary/better benefits option. However, the strength of preference has shifted, and better benefits are no longer as strongly preferred over a higher salary.
 - In 2003, workers' preference for the lower salary job continued to lessen, with 51% choosing the lower salary and 45% choosing the higher salary.
 - In all previous waves, workers preferred the lower salary job by a wider margin (approximately 60%-40% in 1998 and 2000, 57%-36% in 2001 and 53%-44% in 2002). Note that the change in preference from from 2002 to 2003 is not statistically significant, but it does continue the trend from earlier years.
 - The decrease in preference for better benefits this year likely stems from two causes.
 - The first is market performance. Many workers have experienced fairly substantial losses in the past few years and may still be disillusioned with the market in spite of recent gains. The higher salary is more certain than anticipated investment returns.
 - The second reason may be the the difficult employment environment and the related decrease in job security. Again, the higher salary is certain.



Key Trends - 1998 to 2003, cont'd.

- Employers increasingly recognize the high importance their workers place on retirement benefits.* In 2003 nearly 6-in-10 employers (58%) rated an employee-funded plan as very important to their workers, while in 2002 (51%) rated an employee-funded plan as very important.
- Somewhat surprisingly, employers' perceptions of their workers' financial preparedness for retirement became slightly more positive during the last year.
 - In 2003, more than half (54%) of employers are very/somewhat confident that their employees will be able to achieve a comfortable lifestyle in retirement. In 2002, less than half (48%) of employers were that confident.
 - In general worker confidence in achieving a comfortable retirement lifestyle has held fairly steady, although there are somewhat more who report being not at all confident than last year (14% vs. 7% in 2002).
- With the uncertain and difficult economic times, fewer workers report saving for retirement outside any work-related retirement plan (52% in 2003 vs. 59% in 2002 and 61% in 2001).



Key Trends - 1998 to 2003, cont'd.

- Workers rated their agreement on several statements about financial planning and management.*
 - One statement that reflects the recent desire among workers to become more involved in monitoring and managing their retirement savings showed a significant shift from 2001 to 2003.
 - *'I currently am very involved in monitoring and managing my retirement savings.'* – 79% in 2003 vs. 67% in 2002 and 71% in 2001.
 - Although both Gen Xers and Baby Boomers are more likely to report being very involved in monitoring and managing their retirement savings, Gen Xers are more likely to show an increase in their *'desire to receive more information and advice from their company'* (74% vs. 65% in 2002), while Baby Boomers actually want less information (59% vs. 70% in 2002).
- Employers' perceptions of their workers' attitudes towards specific retirement savings issues showed only two changes from 2002. These shifts may be an ongoing result of the Enron/WorldCom debacles and the resulting increased focus on good corporate governance.
 - *'The government should make it illegal for companies to match employee retirement benefits in company stock.'* – 14% in 2003 vs. 21% in 2002.
 - *'Most company employees feel it is better to manage their own retirement savings rather than have it managed by their company or some other outside financial company.'* - 50% in 2003 vs. 63% in 2002.

*2003: Asked agreement/disagreement with statements, Top 2 Box % (strongly/somewhat agree) shown.

2001: Asked how well each statement describes self, Top 2 Box (% describes very/somewhat well) shown.

Please refer to the Appendix for comparisons of study methodologies.

Detailed Findings - 2003

Retirement Benefits

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Importance of Benefits to Workers

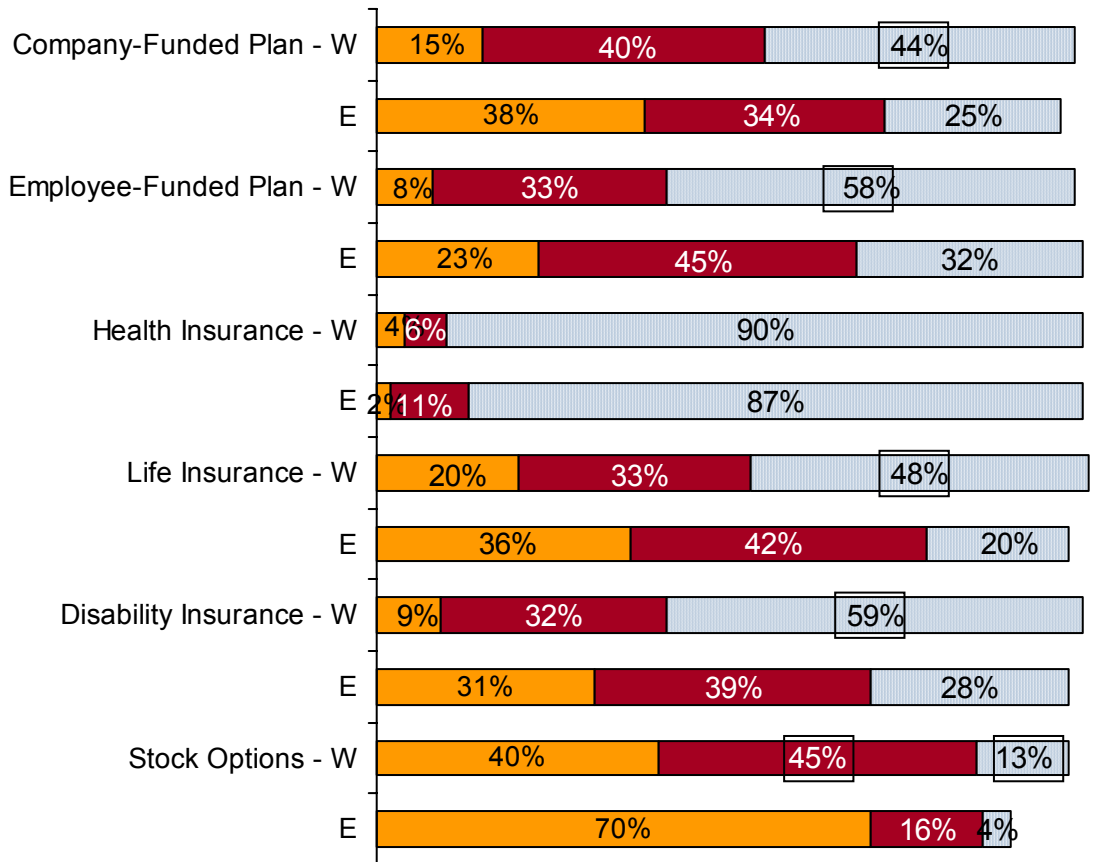
- **Health insurance remains the most important benefit to workers, although retirement plans and disability insurance rate very/somewhat important nearly as often (health 96% vs. employee-funded plan and disability, both at 91%).**
 - Health insurance, however, rates very important much more often – (90% vs. 58% and 59%, respectively).
 - The overall importance of these benefits has not changed from 2002.
- **Employee-funded plans continue to have a significant edge in importance over company-funded plans among workers.**
 - Employee-funded: 58% very important, 91% very/somewhat important.
 - The importance of these plans is nearly equal for Baby Boomers and for Gen Xers (59% and 56% very important respectively).
 - Company-funded: 44% very important, 84% very/somewhat important.
 - These plans are more important to Baby Boomers than to Gen Xers (51% very important vs. 36%).
 - Disability insurance has greater importance among Baby Boomers than Gen Xers (67% very important vs. 52%).
- **Employers continue to underestimate the importance of these benefits to their workers.**
 - Employee-funded plans: employers say only 32% of workers would say very important, 77% very/somewhat important.
 - Company-funded plans: employers say only 25% of workers would say very important, 59% very/somewhat important.
 - Employers also underestimate the importance of life insurance, disability insurance and the value of stock options to workers.



Importance of Benefits to Workers

W - Workers
E - Employers

■ Not at all/Not too important
 ■ Somewhat important
 ■ Very important



Very/Somewhat Important

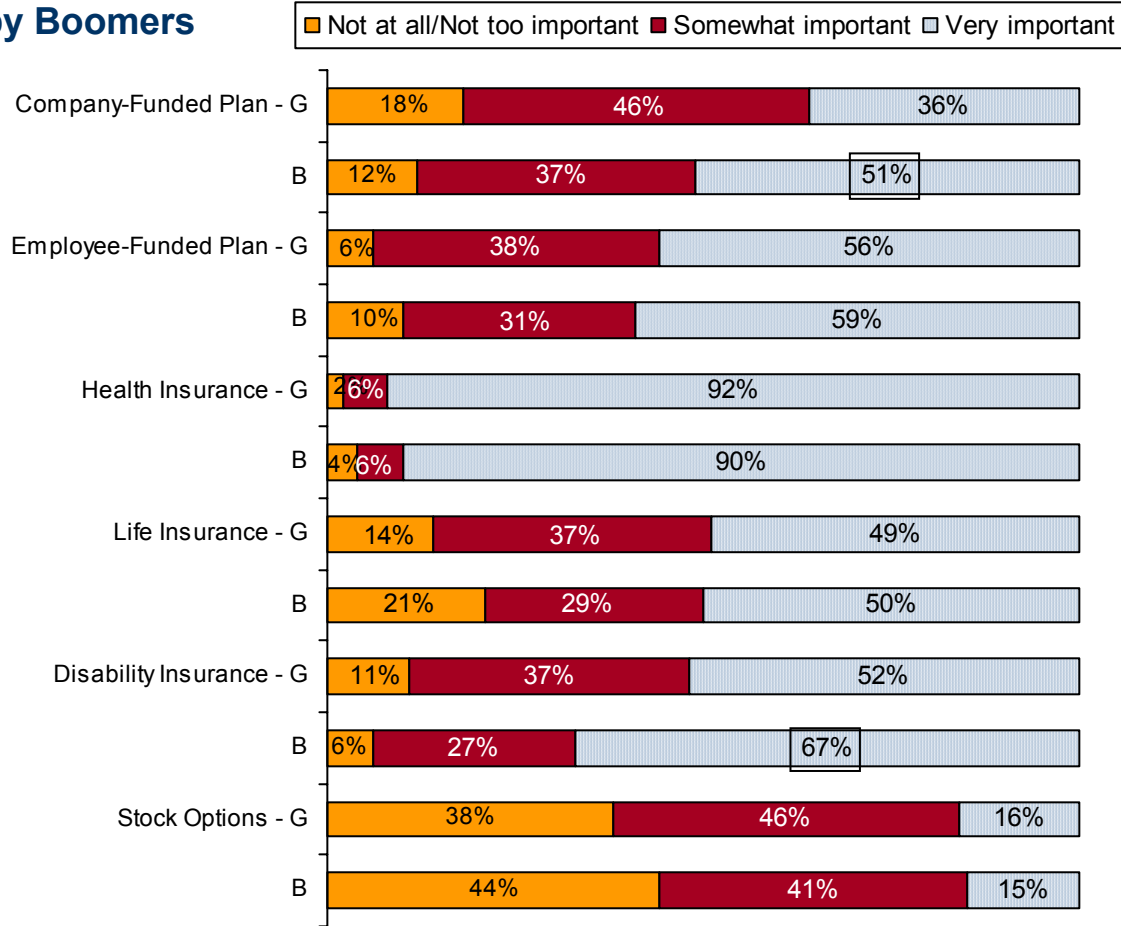
	2003	2002
W	84%	83%
E	59%	54%
W	91%	90%
E	77%	74%
W	96%	97%
E	98%	98%
W	81%	81%
E	62%	61%
W	91%	88%
E	67%	60%
W	58%	54%
E	20%	21%

W Q22 Please tell me how important each benefit is to you. Base: All respondents (n=600)

E Q5 Please tell me how important you think that benefit is to your employees. Base: All respondents (n=300)

Importance of Benefits to Workers, cont'd.

G - Gen X
B - Baby Boomers



<u>Very/Somewhat Important</u>		
	<u>2003</u>	<u>2002</u>
G	82%	81%
B	88%	85%
G	94%	94%
B	90%	92%
G	98%	97%
B	96%	98%
G	86%	83%
B	79%	81%
G	89%	85%
B	94%	89%
G	62%	54%
B	56%	57%

W Q22 Please tell me how important each benefit is to you. Base: All respondents G: n=182; B: n=289



Benefits Offered

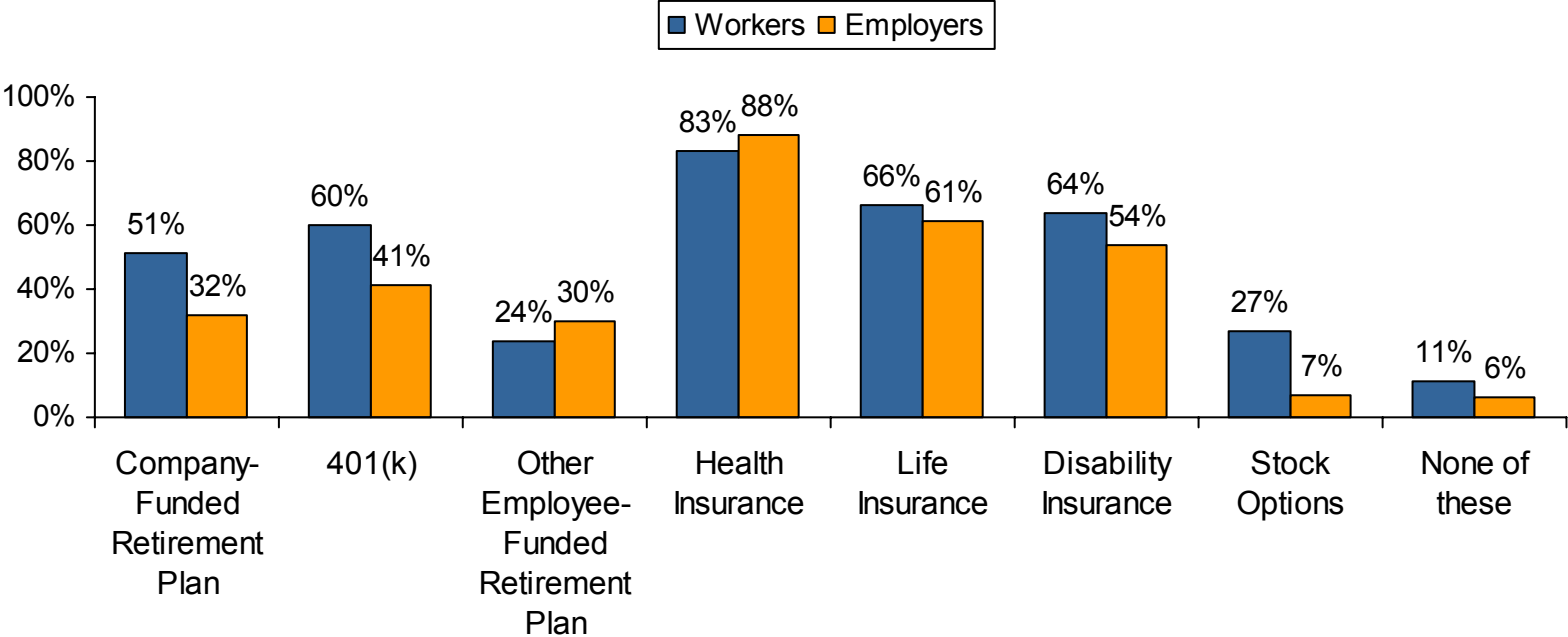
- A 401(k) plan is the most frequently offered retirement plan for employees of small businesses, followed by a company-funded plan.
 - 60% of workers in 2003 report availability of a 401(k) plan compared to 51% who have access to a company-funded plan.
 - The likelihood of offering either a 401(k) plan or a company-funded retirement plan increases with company size.
 - 401(k) plans are offered by 43% of the smallest companies (10-19 workers) but by 73% of the largest companies studied (100-500 workers).
 - Company-funded retirement plans are offered by 37% of the smallest companies (10-19 workers) but by 66% of the largest companies studied (100-500 workers).
 - Among employer respondents, 41% report offering a 401(k) plan while 32% report offering a company-funded plan.
- Company-funded plan offerings appear to be slightly on the rise, especially among Gen Xers (53% report plan offerings in 2003 vs. 38% in 2002).
 - Meanwhile, fewer Gen Xers report that their company offers disability insurance in 2003 (61%) than in 2002 (72%).
 - Asset accumulation appears to be assisted by access to company-funded retirement plans, as workers with assets of \$100K+ are more likely to work for a company that offers company-funded retirement plans (72%) than are workers with assets of \$25K-\$99K (53%) or those with under \$25K (49%).



Benefits Offered

% Yes

**W - Workers
E - Employers**



	W	E	W	E	W	E	W	E	W	E	W	E				
2002	44%	27%	NA	NA	NA	NA	86%	90%	65%	61%	69%	58%	25%	10%	6%	5%

W Q3 Which of the following benefits does your company offer? Base: All respondents (n=600)

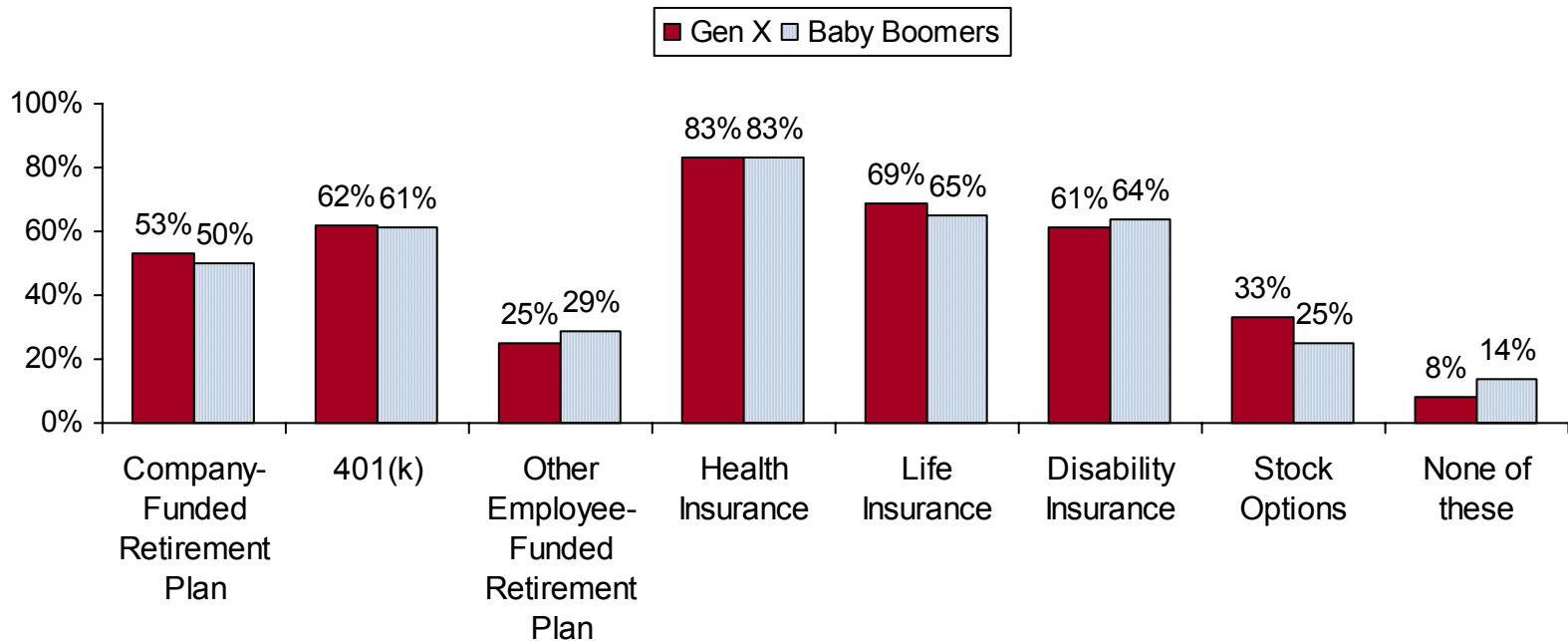
E Q1 Which of the following benefits does your company offer? Base: All respondents (n=300)



Benefits Offered, cont'd.

% Yes

**G - Gen X
B - Baby Boomers**



	G	B	G	B	G	B	G	B	G	B	G	B
2002	38%	45%	NA	NA	NA	NA	87%	88%	66%	69%	72%	70%
									29%	19%	6%	5%

W Q3 Which of the following benefits does your company offer? Base: All respondents (G: n=182; B; n=289)

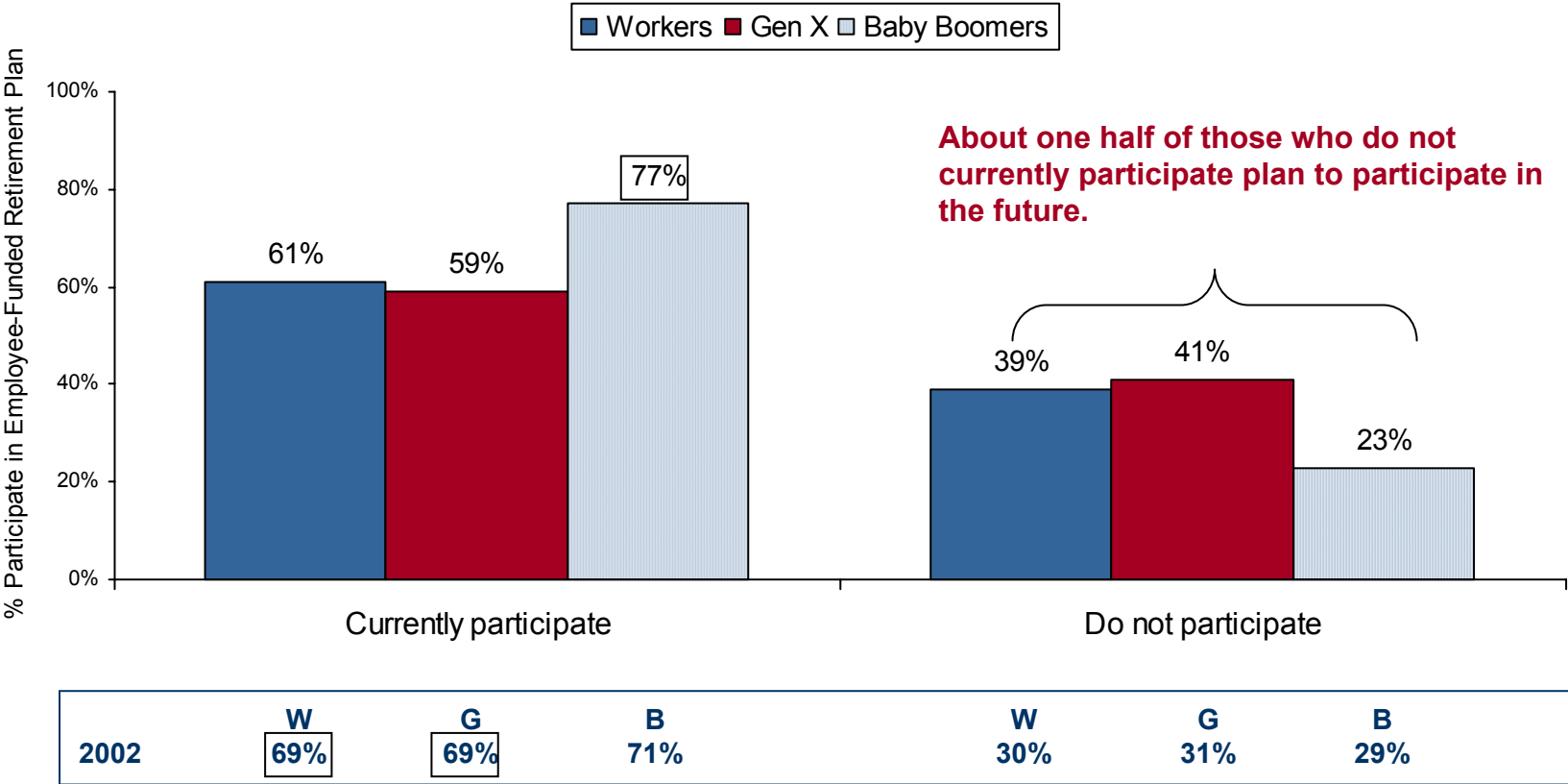


Participation in Employee-Funded Retirement Plan

- The number of workers participating in employee-funded retirement plans appears to be declining, which may have a lingering effect from the market decline of the past two years.
 - Approximately six in ten (61%) workers who have the opportunity to participate in an employee-funded retirement plan currently do so, down from 69% in 2002.
 - Of those who are offered a plan but do not currently participate, about one-half (53%) say they plan to participate in the future.
- Baby Boomers are currently much more likely to participate in their employee-funded retirement plan than Gen Xers (77% vs. 59%).
 - Gen Xers participation has declined from 69% in 2002 to 59% in 2003.
- Longer tenure at the employer is also associated with higher participation rates: 73% with 5+ years vs. 47% with shorter tenure.



Participation in Employee-Funded Retirement Plan



W Q5 Do you currently participate in your company's employee-funded retirement savings plan? Base: Company offers 401(k) type plan (n=402; G: n=130; B: n=198)

W Q9c Do you think you will participate in your company's retirement savings plan in the future? Base: Do not currently participate in offered plan (n=148; G: n=53; B: n=54)

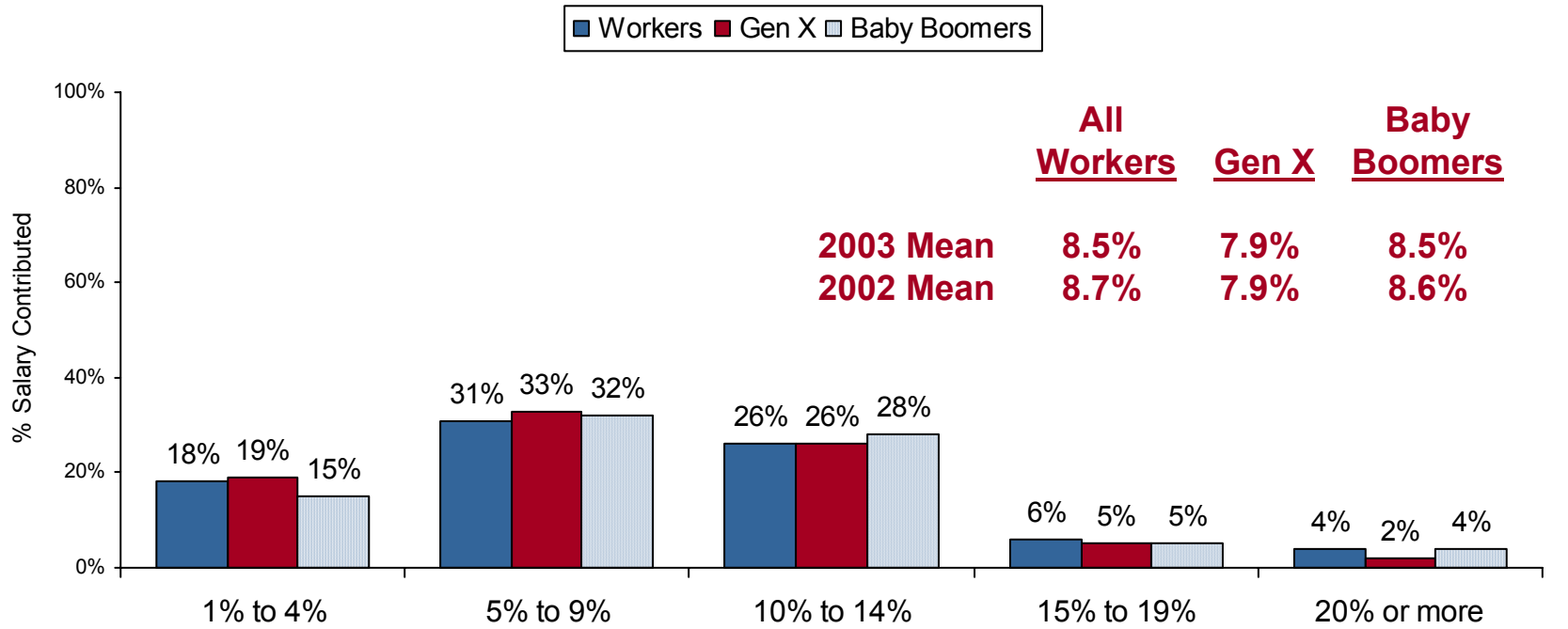


Contribution to Employee-Funded Retirement Plans

- Among participants in employee-funded retirement plans, the average contribution rate remains at just under 9% of salary (8.5%).
 - As in 2002, about one-third (31%) contribute 5-9% of their salary.
 - About one-quarter (26%) report contributing 10-14% of their salary, up from 16% in 2002.
- Few differences are evident between Gen Xers and Baby Boomers regarding the percentage of their contributions.
 - But twice as many Gen Xers are contributing 10-14% percent of their salary in 2003 than in 2002 (26% vs. 13%).
 - Baby Boomers have also shifted the percentage of their contributions to their employee-funded plan. The proportion of Baby Boomers making contributions of 10-14% has increased since 2002 (28% vs. 19%), with fewer contributing only 1-4% of their salary (15% vs. 29%) and fewer contributing 15-19% of their salary (5% vs. 12%).
- Contribution rates are higher for those with longer tenure with the company: an average of 9.6% for those with 5+ years vs. 6.8% for those under 5 years.



Contribution to Employee-Funded Retirement Plans



	W	G	B	W	G	B	W	G	B	W	G	B
2002	25%	24%	29%	31%	40%	28%	16%	13%	19%	14%	10%	12%

W Q6 What percentage of your salary are you saving for retirement through your company-sponsored plan this year? Base: Participate in Employee-Funded Retirement Plan (n=262; G: n=78; B: n=151)



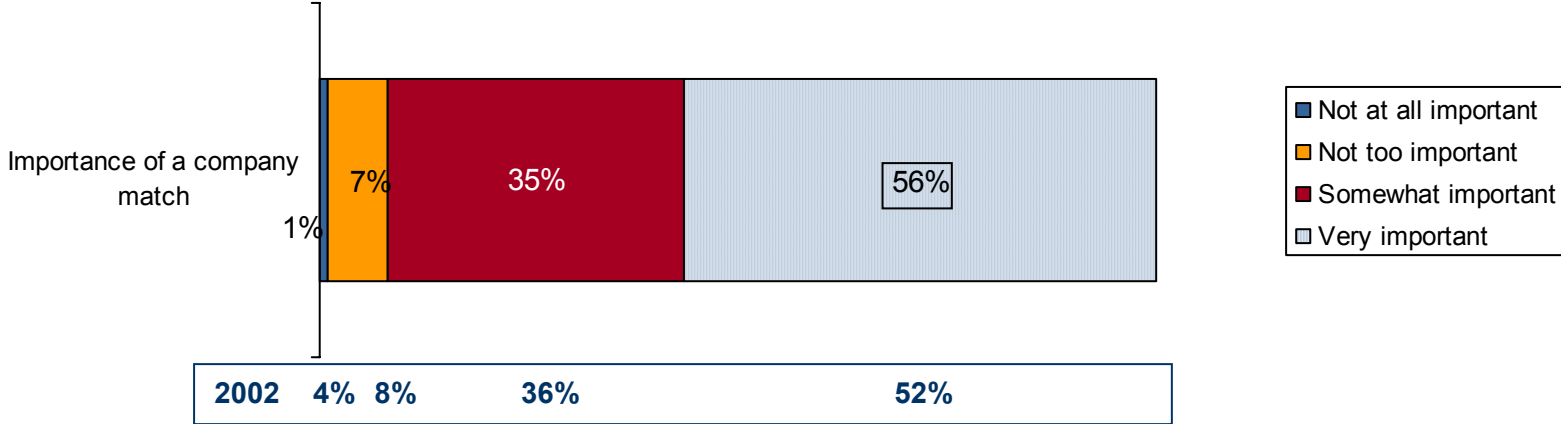
Importance of Company Match

- Workers continue to place high importance on a company match of their retirement fund contributions, with about 9-in-10 (91%) stating a match is very/somewhat important. More than half (56%) rate the presence of a match very important.
 - A company match is equally important to those who participate in their company's plan (94% rate a match very/somewhat important) and to those who work for a company that offers a plan in which they are not currently participating (93% rate a match very/somewhat important).
 - A match is more important to workers who are more motivated by better benefits than by workers who are more motivated by salary (96% vs. 85%).
- Employers recognize workers' sentiments on the match but attribute less importance to it overall. Just over two-thirds (70%) rate a match very/somewhat important to their workers, but only 29% rate it very important.
 - These ratings by employers are down from 2002, while worker ratings are slightly higher this year.
 - Not surprisingly, employers who offer a match believe their employees attach more importance to the match – 87% very/somewhat important vs. 61% among employers who do not offer a match.

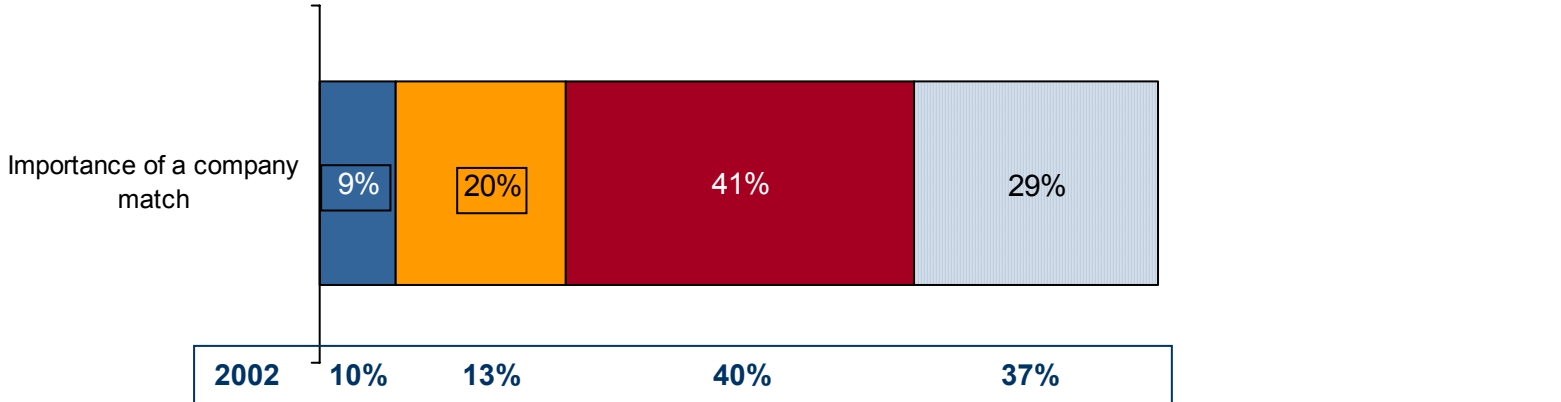


Importance of Company Match

Workers



Employers



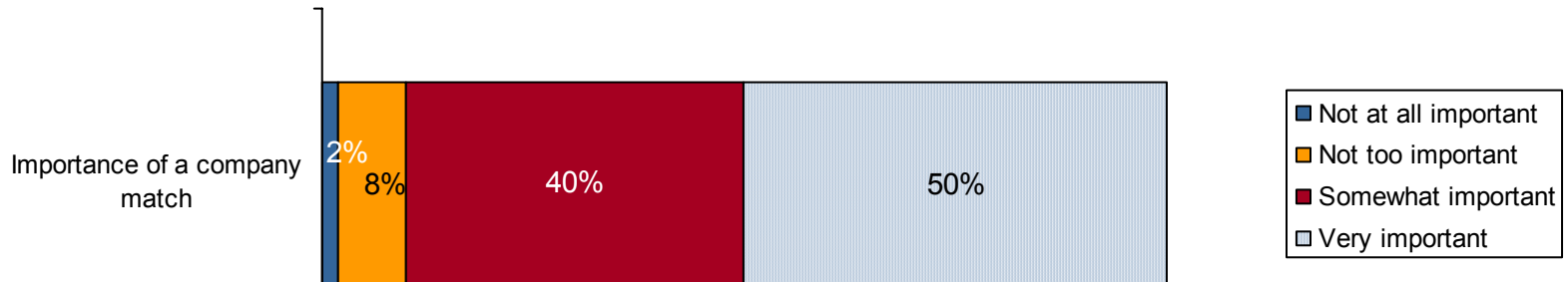
W Q23 How important is it to you that the company you work for provides a retirement savings plan in which the company matches a portion of your contributions to the plan rather than just offering the plan alone? Base: All respondents (n=600)

E Q8 How important is it to your employees that their company provides a retirement savings plan in which the company matches a portion of their contributions to the plan rather than just offering the plan alone? Would you say it is very important, somewhat important, not very important or not at all important? Base: All respondents (n=300)



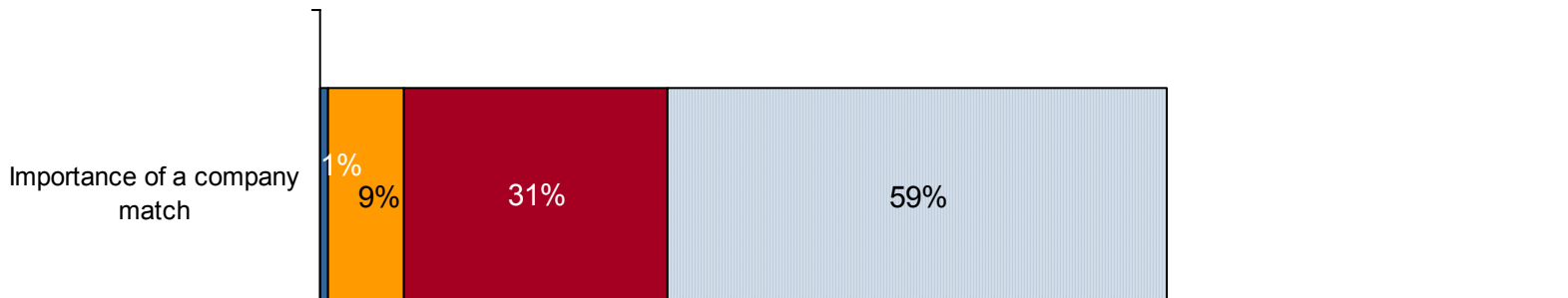
Importance of Company Match, cont'd.

Gen X



2002	2%	7%	40%	51%
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Baby Boomers



2002	2%	8%	32%	57%
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W Q23 How important is it to you that the company you work for provides a retirement savings plan in which the company matches a portion of your contributions to the plan rather than just offering the plan alone? Base: All respondents (G n=182; B: n=289)



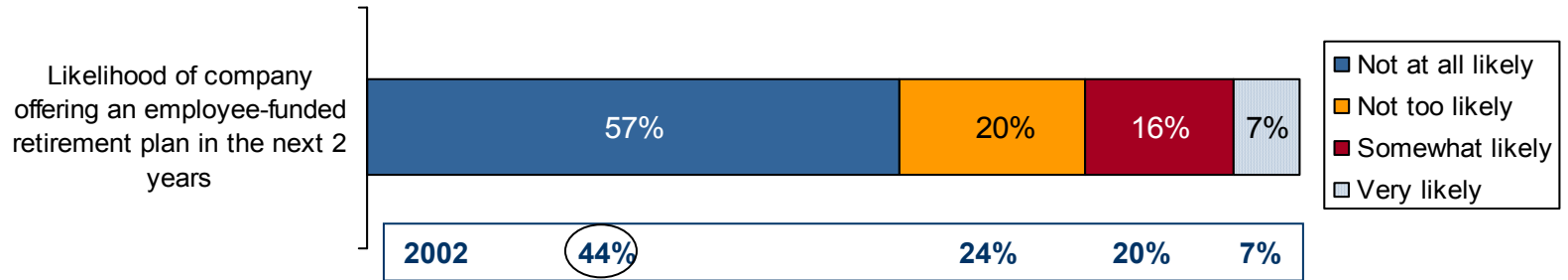
Likelihood to Offer Employee-Funded Retirement Plan

- While the desire for an employee-funded retirement plan, especially for a plan that includes a company match, is quite high among workers and employers recognize this desire, most employers without a plan are still not very likely to offer one.
 - Only about one-fourth (23%) of employers who do not currently offer a plan are very/somewhat likely to begin offering one. Nearly three quarters (77%) are not likely to offer a plan in the next two years. Reasons continue to include cost, small size of business, high employee turnover rate and current offering of pension plan or other plan through another source.
 - Cost is cited three times more frequently than any other single reason.
- Only a very small proportion (13%) of employers who do not offer an employee funded retirement plan or pension plan to their workers do offer a retirement program for senior executives other than a 401(k) or other employee-funded program (*data not shown*).



Likelihood to Offer Employee-Funded Retirement Plan

Employers



Top Reasons Why Unlikely To Offer Employee-Funded Retirement Plan

Too expensive/cost	38%
Have pension plan/other plan through another source	13%
High employee turnover rate	13%
Our company is not big enough	12%
Lack of employee interest	6%
Poor economy	4%
Similar/better plans offered	3%

E Q4a How likely is your company to begin offering an employee funded retirement plan package like a 401(K) to its employees in the next 2 years. Base: Company does not offer plan (n=72)

E Q4b Why not? Base: Company not likely to offer 401(k) (n=57)

E Q4c Does your firm have a retirement program other than a 401(k) for its most senior executives? Base: Do not offer employee-funded or company-funded plan (n=56)



Matching Contributions

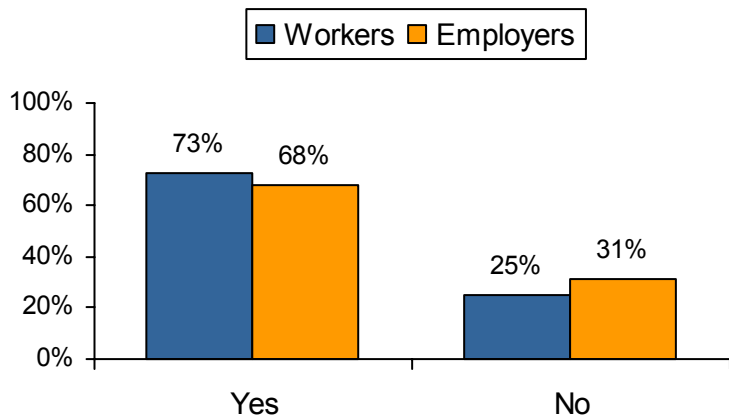
- As in 2002, workers whose companies offer an employee-funded retirement plan report that nearly three-fourths (73%) of their companies offer a matching contribution, but only about 1-in-10 report receiving the match in the form of company stock.
 - The proportion of Gen Xers who report that they receive a match is down from 2002, 71% vs. 84%.
 - Baby Boomers are about twice as likely as Gen Xers to report that their company matches their contribution in company stock (14% vs. 6%), a reversal from 2002.
- Two-thirds (68%) of employers who offer a plan also report matching worker contributions; only a very small number of those (2%) report matching with company stock.
 - The proportion of companies making matching contributions has not changed from 2002, nor has the proportion of companies that match employee contributions in company stock.



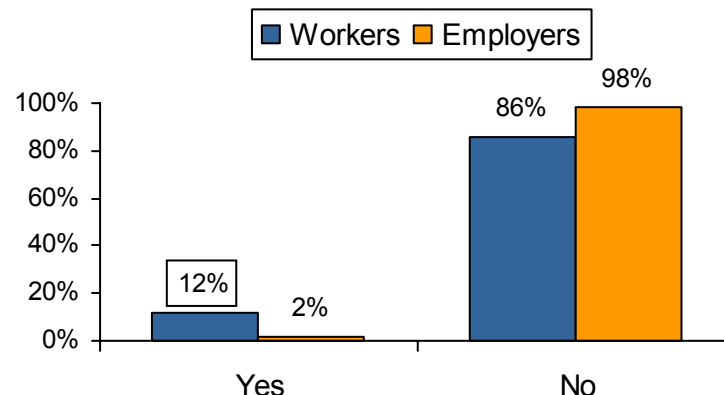
Matching Contributions

W - Workers
E - Employers

Offer Match



Match in Company Stock



	W	E	W	E	W	E	W	E
2002	77%	66%	21%	34%	13%	0%	81%	98%

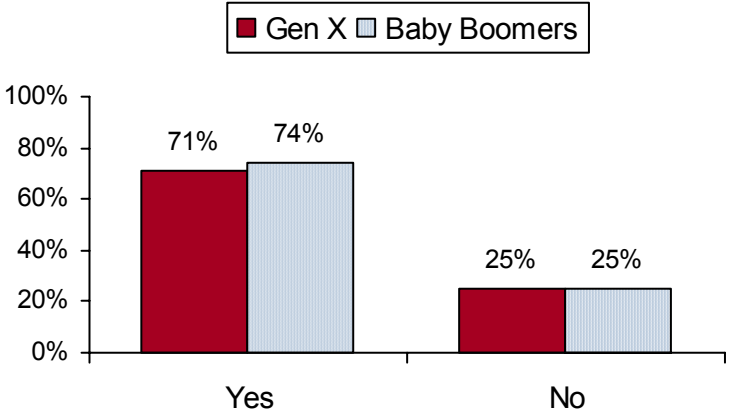
- W Q7a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan? Base: Company offers plan (n=262)
- W Q7b Is any of the matching contribution in the form of company stock? Base: Company offers match (n=171)
- E Q2a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan? Base: Company offers plan (n=228)
- E Q2b Is any of the matching contribution in the form of company stock? Base: Company offers match (n=162)



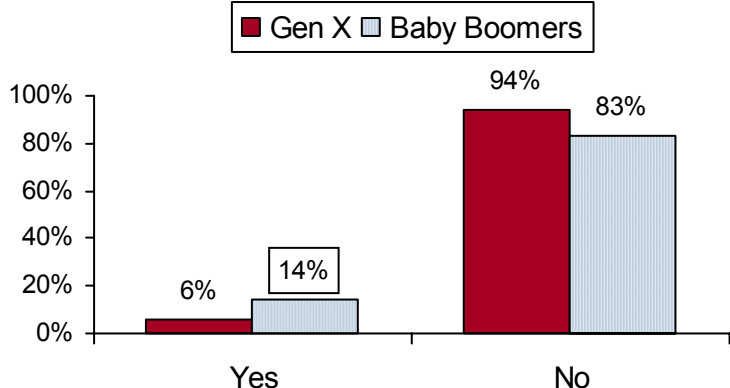
Matching Contributions, cont'd.

G - Gen X
B - Baby Boomers

Offer Match



Match in Company Stock



	G	B	G	B	G	B
2002	84%	76%	13%	24%	15%	6%
					79%	90%

W Q7a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan? Base: Company offers plan (n=262)
W Q7b Is any of the matching contribution in the form of stock? Base: Company offers match (G: n=49; B: n=99)

Detailed Findings - 2003

Attracting and Retaining Workers

TRANSAMERICA CENTER
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Trade-offs in Job Choice

Salary vs. Retirement Plan

- When given a choice, workers are fairly evenly split in their preference for a job that offers better retirement benefits vs. one with a higher salary.
 - Just over half of all workers (51%) favor excellent retirement benefits at the minimum acceptable salary compared to 45% who choose a higher salary and poorer retirement benefits.
 - The margin of difference continues to lessen from 2001, when the differential was 21 percentage points (57% vs. 36%).
 - Gen Xers and Baby Boomers have somewhat different preferences, with 58% of Baby Boomers choosing benefits over salary, compared to less than half (46%) of Gen Xers. Among Gen Xers, just over half (54%) choose salary over benefits, compared to 35% of Baby Boomers who do so.
 - While Gen Xers were somewhat more likely to prefer benefits over salary in 2002, this preference appears to have reversed (although not by statistically significant percentages), and they now are more likely to prefer a higher salary – possibly due to the uncertainties in the marketplace over the past year.



Trade-offs in Job Choice, cont'd.

Salary vs. Retirement Plan, cont'd.

- Employer perceptions on this topic continue to be quite different from those of their workers.
 - Most employers believe that salary is the stronger employee motivator, with two-thirds (68%) stating that potential employees will prefer a higher salary with a less favorable retirement plan, compared to 3-in-10 (30%) who believe workers prefer excellent retirement benefits over salary.
 - This is unchanged since 2002.
 - A higher proportion of employers who offer a 401(k) plan, but do not make matching contributions, believe their employees will choose a higher salary over better benefits if given the choice – 84% vs. 63% of employers that match employee contributions.



Trade-offs in Job Choice, cont'd.

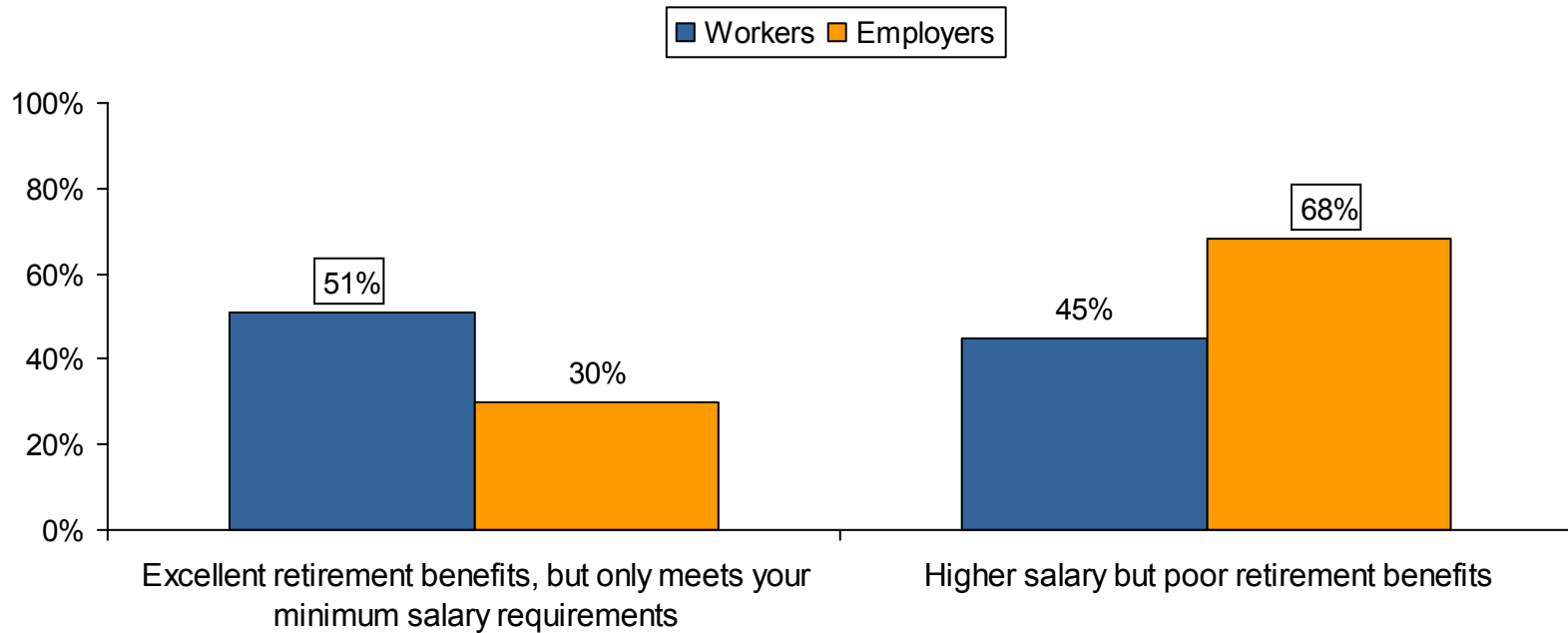
Employee-Funded vs. Company-Funded Retirement Plans

- When given the choice, workers continue to express a strong preference for employee-funded (defined contribution) plans over company-funded (defined benefit) pension plans, with 65% selecting a job with a company-matched employee-funded plan compared to only 28% who prefer a job with a company-funded plan.
 - In the current environment where job changes are the norm, the portability of 401(k)-type plans can be appealing. A 401(k)-type plan may create a better environment for savings, in turn creating a larger nest egg for retirement.
 - However, there appears to be a small upward shift in the number of employees preferring a company-funded plan (21% in 2002 vs. 28% in 2003).
 - This change in preference is found among both Gen Xers (22% vs. 30%) and Baby Boomers (21% vs. 29%).
- Employers perceive workers' preferences on this issue correctly, with 64% stating that employees prefer the employee-funded plan vs. 29% for the company-funded plan.
 - As with workers, there appears to be a small shift in the preference of employers for a company-funded plan (24% in 2002 vs. 29% in 2003).



Trade-offs in Job Choice: Salary vs. Retirement Benefits

W - Workers
E - Employers



	W	E	W	E
2002	53%	29%	44%	65%

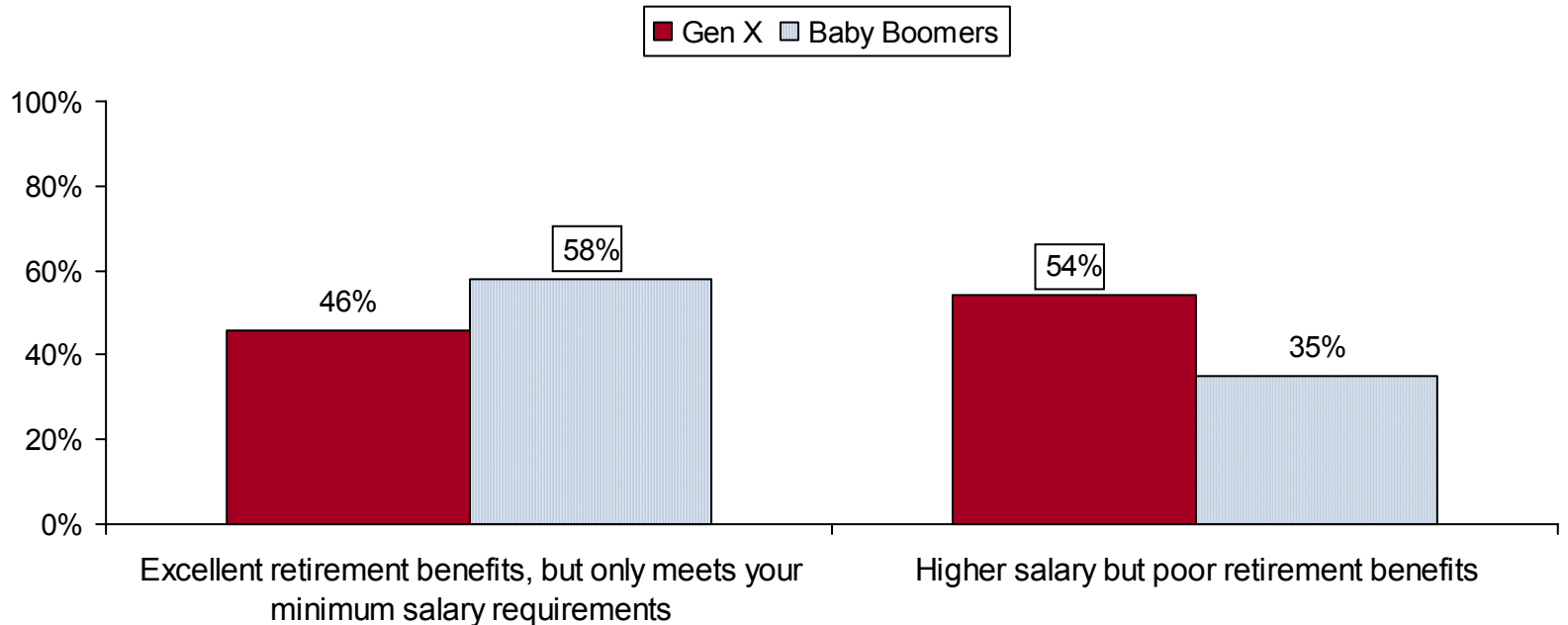
W Q20 Suppose for a moment that two job offers come your way. The jobs are nearly identical, except the first offer meets your minimum salary requirements and has excellent retirement benefits, while the second offer provides a higher salary than you expected but the retirement benefits are poor. Which of these two job offers would you be more likely to choose? Base: All respondents (n=600)

E Q6 Suppose you could offer the following two choices surrounding a job offer to a potential employee, which one do you feel would be of more interest to the potential employee? Base: All respondents (n=300)



Trade-offs in Job Choice: Salary vs. Retirement Benefits, cont'd.

G - Gen X
B - Baby Boomers



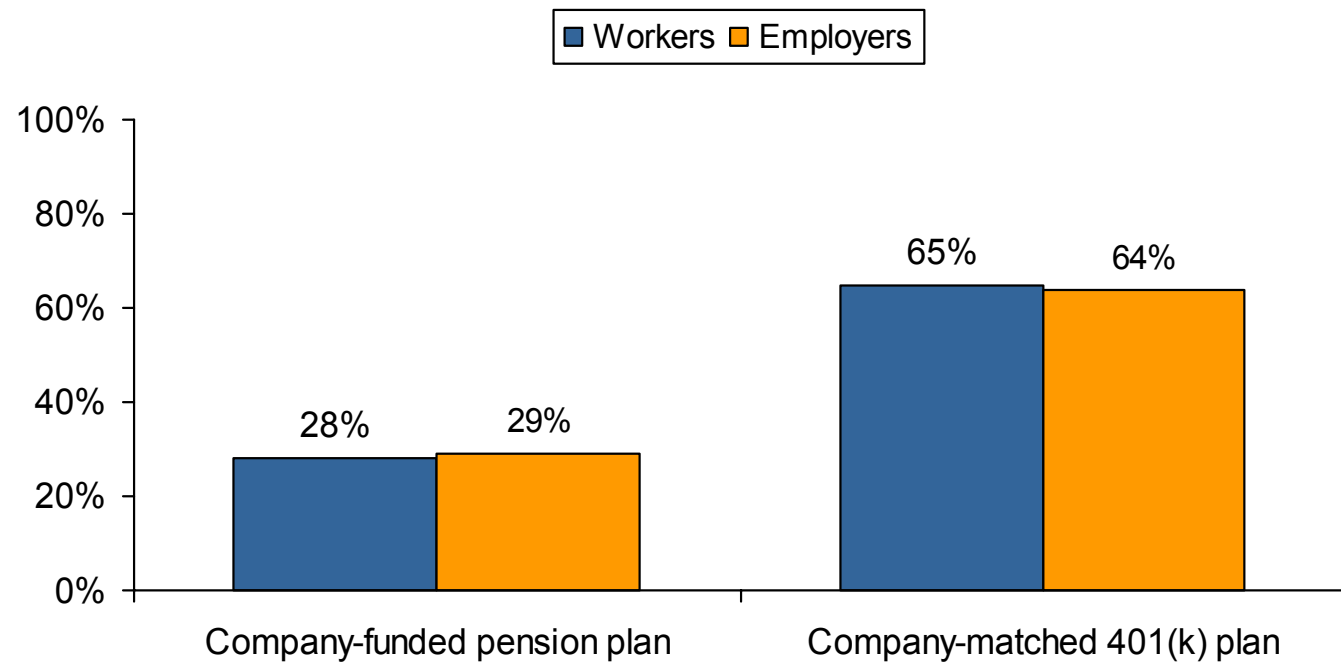
2002	G 51%	B 62%	G 47%	B 35%
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W Q20 Suppose for a moment that two job offers come your way. The jobs are nearly identical, except the first offer meets your minimum salary requirements and has excellent retirement benefits, while the second offer provides a higher salary than you expected but the retirement benefits are poor. Which of these two job offers would you be more likely to choose? Base: All respondents (G: n=182; B: n=289)



Trade-offs in Job Choice: Company-Funded vs. Company-Matched Employee-Funded Plan

W - Workers
E - Employers



2002	W	E	W	E
	21%	24%	73%	71%

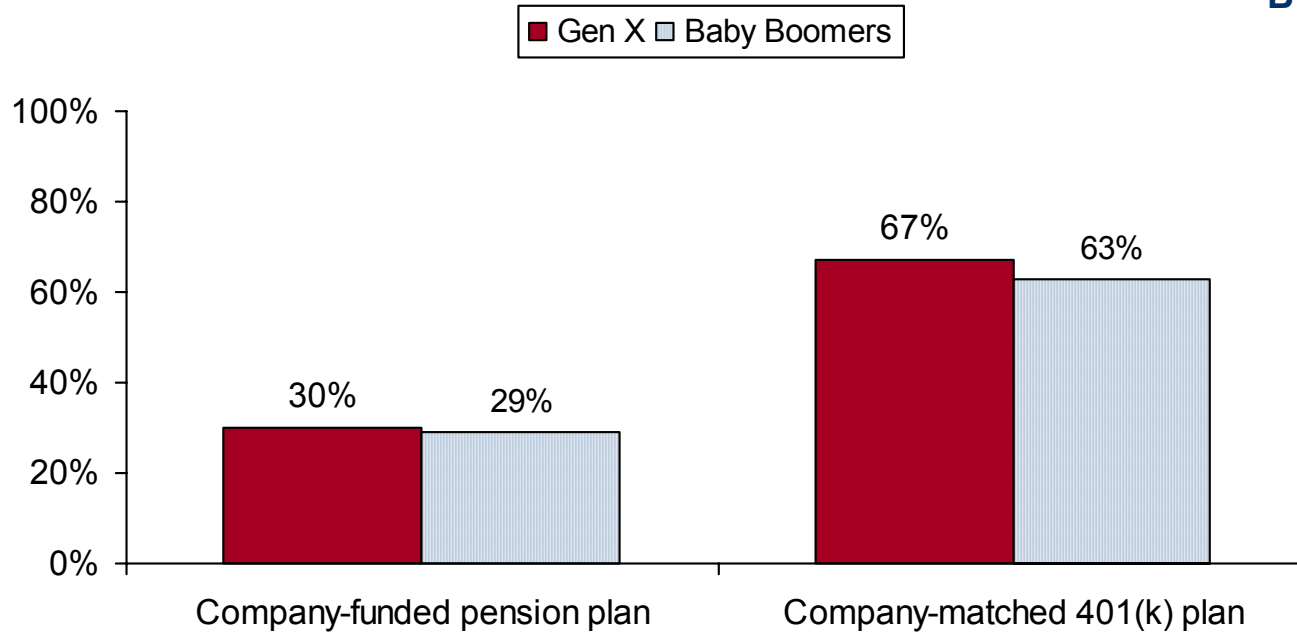
W Q21 Now suppose two nearly identical job offers came along in which one company offered a company funded pension plan for employees and the other company offered a self funded, but company matched, 401(k) plan, which job offer would you be more likely to choose? Base: All respondents (n=600)

E Q7 Which retirement benefits plan do you think would be more preferred by an employee of your company, a company funded pension plan or a self funded, but company matched, 401k plan? Base: All respondents n=300)



Trade-offs in Job Choice: Company-Funded vs. Company-Matched Employee-Funded Plan, cont'd.

G - Gen X
B - Baby Boomers



2002	G	B	G	B
	22%	21%	73%	73%

W Q21 Now suppose two nearly identical job offers came along in which one company offered a company funded pension plan for employees and the other company offered a self funded, but company matched, 401(k) plan, which job offer would you be more likely to choose? Base: All respondents (G: n=182; B: n=289)



Attracting and Retaining Workers

- Employers continue to recognize the importance of offering employee-funded retirement packages.
 - Three-quarters (74%) believe employee-funded retirement packages are very/somewhat important in attracting new workers (24% very important), and 75% believe employee-funded retirement packages are very/somewhat important in retaining workers (29% very important).
 - These are consistent with 2002 importance ratings.
 - The proportion saying that offering a plan is very important in attracting workers is higher among companies with annual revenues of \$5 million or more versus companies with lower revenues (39% vs.15%).
 - Employers who recognize the importance of retirement plans to their workers are more likely to believe retirement packages are important in recruiting and retention.
 - 44% of those who believe a match is very important to workers also believe a match is very important in attracting workers compared to 10% of those who believe a match is only somewhat important.
 - 50% of those who believe a match is very important to workers also believe a match is very important in retaining workers compared to 13% of those who believe a match is only somewhat important.



Attracting and Retaining Workers, cont'd.

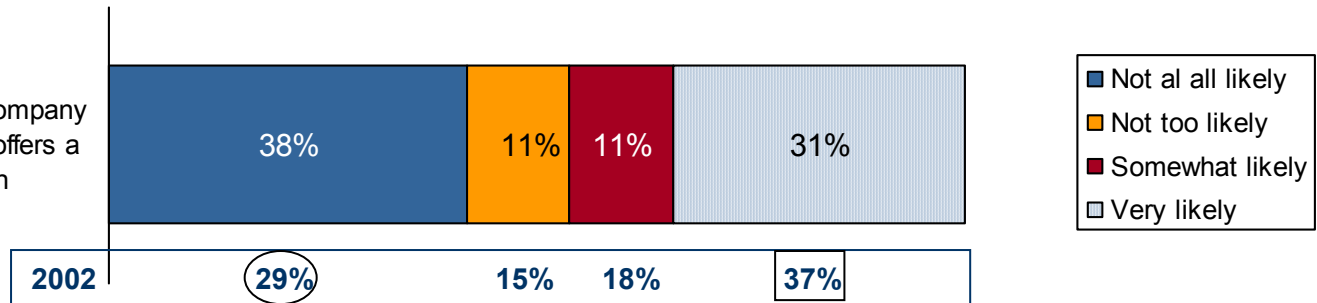
- Workers appear a bit more leery in 2003 about changing jobs just for the added benefit of a retirement plan. They may be viewing the current job market as fairly volatile and may be less interested in long-term benefits than in current steady employment.
 - Currently 42% report being very/somewhat likely to leave their company to work for a nearly identical job that offers retirement benefits, down from 55% a year ago.
 - The proportion very likely to leave dropped from 37% in 2002 to 31% this year.
 - Gen Xers appear less willing than Baby Boomers to leave their current job for one that offers retirement benefits, signaling a higher concern for short-term job security over long-term financial security among the younger workers.
 - Last year, males were more likely than females to leave their current job for one with a retirement plan (62% very/somewhat likely vs. 43% of females). This year, the percentage of males willing to leave their job has dropped to 42%, about the same as the percentage of females (41%).



Attracting and Retaining Workers

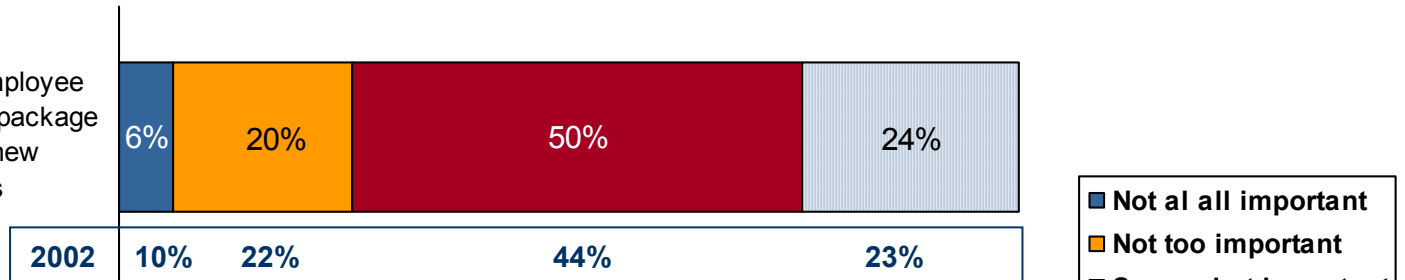
Workers

Likelihood to leave company for same job which offers a retirement plan

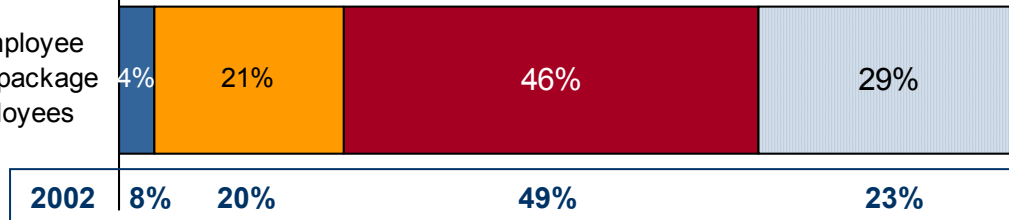


Employers

Importance of employee funded retirement package in attracting new employees



Importance of employee funded retirement package in retaining employees



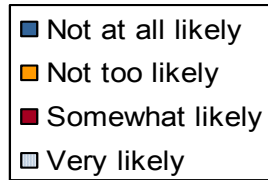
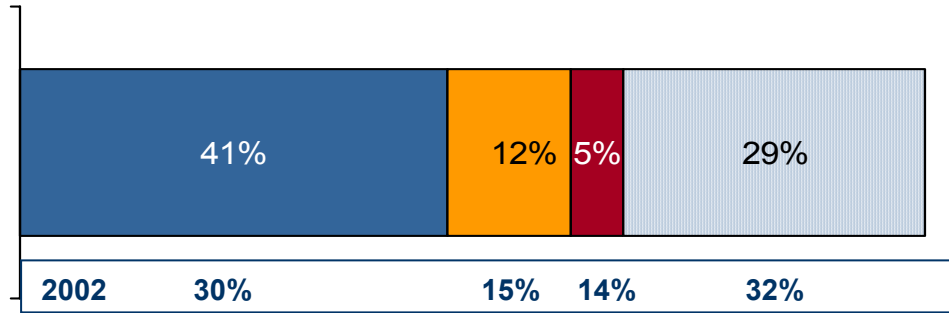
- W Q4 How likely would you be to leave the company you currently work for in order to take a nearly identical job for a similar type of company that does offer a retirement plan? Base: Work for a company without retirement plan. (n=145)
- E Q3a In general, how important would you say your company's employee funded retirement plan package (401k) is to your ability to attract new employees? Base: Company offers plan (n=228)
- E Q3b In general, how important would you say your company's employee funded retirement plan package (401k) is to your ability to retain the employees you already have? Base: Company offers plan (n=228)



Attracting and Retaining Workers, cont'd

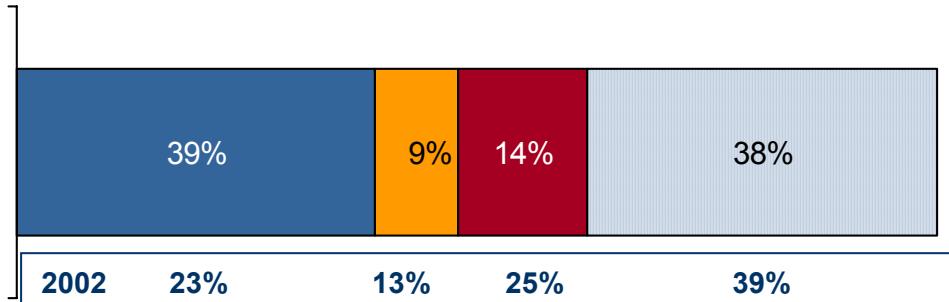
Gen X

Likelihood to leave company for same job which offers a retirement plan



Baby Boomers

Likelihood to leave company for same job which offers a retirement plan



W Q4 How likely would you be to leave the company you currently work for in order to take a nearly identical job for a similar type of company that does offer a retirement plan? Base: Work for a company without retirement plan. (G: n=38; B: n=69)

Detailed Findings - 2003

Evaluating and Changing Retirement Benefits

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Management of Retirement Benefit Plans

- When selecting a retirement plan, few companies rely on their internal expertise. Approximately 4 in 5 companies use an outside advisor to help structure their retirement plan.
 - A Financial planner or Broker is the most common type of advisor used (47%).
- Although about half (53%) of companies report evaluating their retirement plans once a year, the proportion of companies that evaluate their plans this frequently has fallen from 67% in 2002.
 - Most companies (85%) report that their current 401(k) has been in place for 3 years or longer, and 55% have had the same plan for 5 years or longer.
- Employers make few changes in their retirement plans. Approximately one-fifth (21%) report changing their 401(k) plan; only one-tenth (10%) report making a change in their company-funded plan and 3% report changes to other self-funded plans.

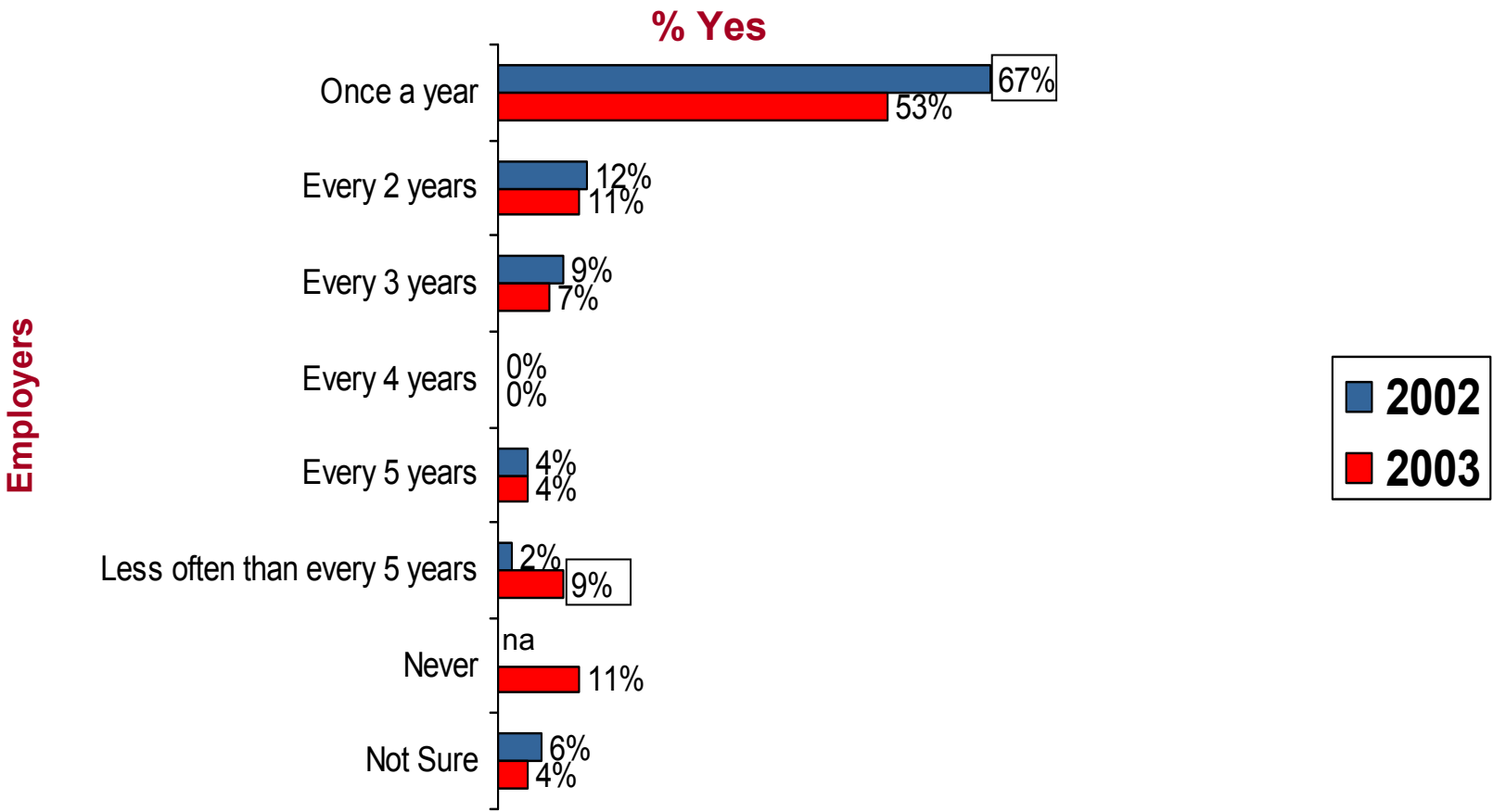


Management of Retirement Benefit Plans, cont'd.

- Similar to Employers' recall of changes being made to their retirement plans, one-fifth (22%) of workers whose employers offer retirement benefits report that their employers have made a change in those benefits in the past 12 months.
 - Changes made typically involve changing the plan provider (34%), changing the investment selections (14%), decreasing the company match (14%) or changing the form of company match (9%).
 - About equal numbers of Baby Boomers (24%) and Gen Xers (23%) report retirement benefits changes being made in the past 12 months.



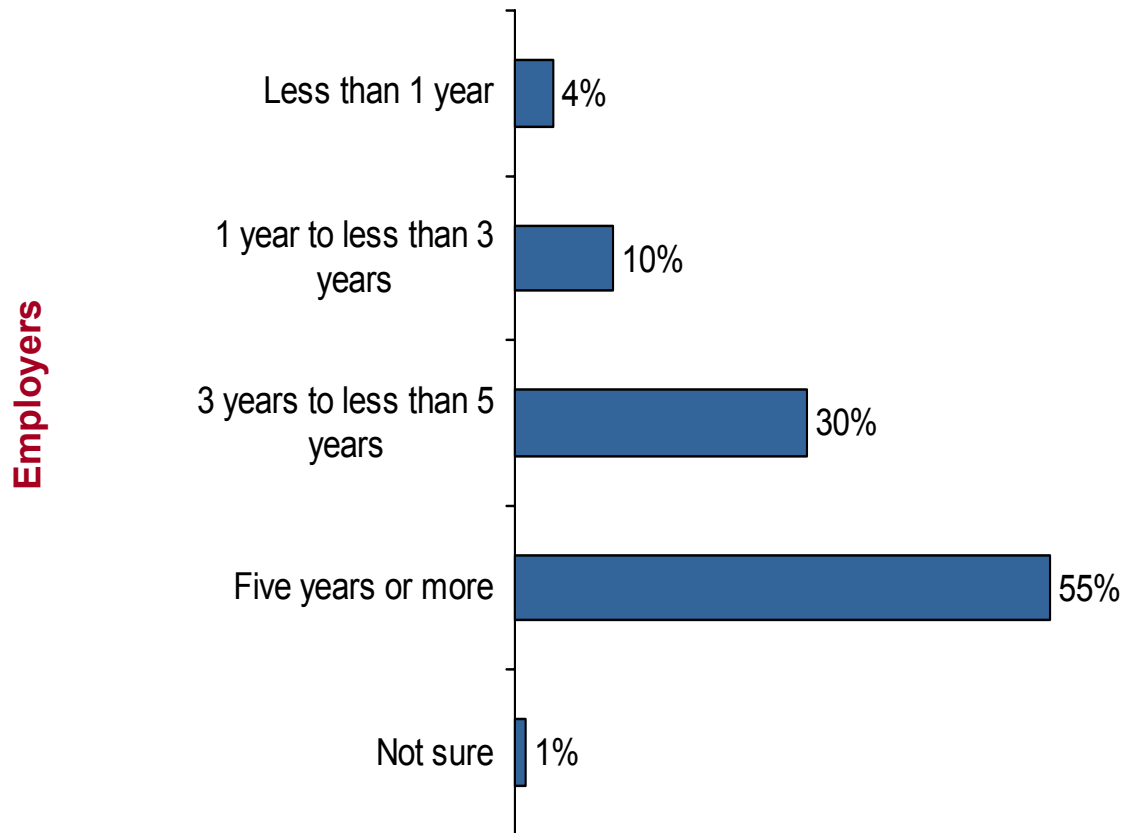
Frequency of Evaluation of Retirement Plans



E Q16 How frequently does your company evaluate the retirement plans offered to its employees? Base: All Respondents (n=300)



Length of Time Current 401(k) Has Been in Place

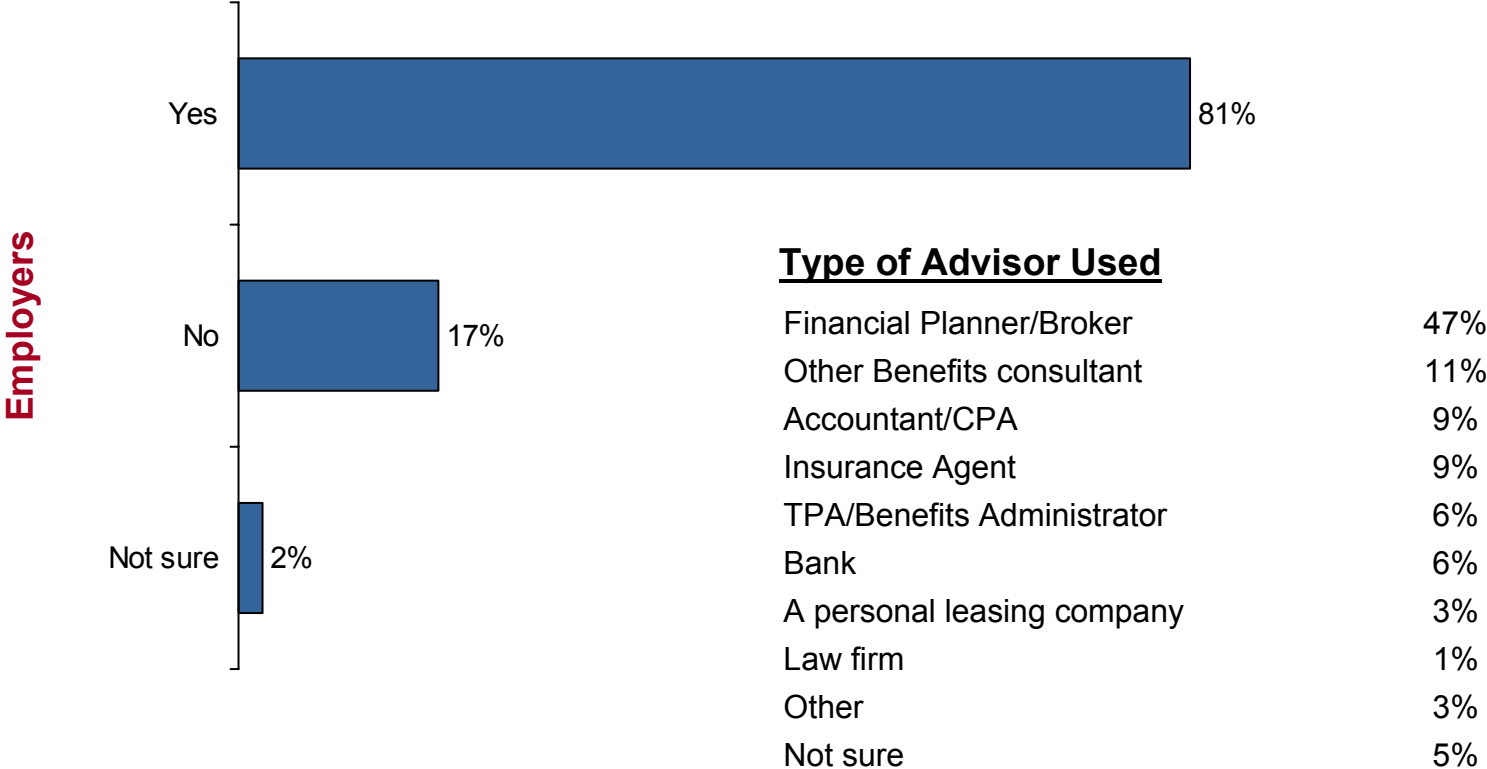


E Q13 How long has your current 401(k) been in place? Base: Offer 401(k) plan (n=177)



Use of Outside Advisor to Help Select Plan

Used an Outside Advisor to Help Select Retirement Plan

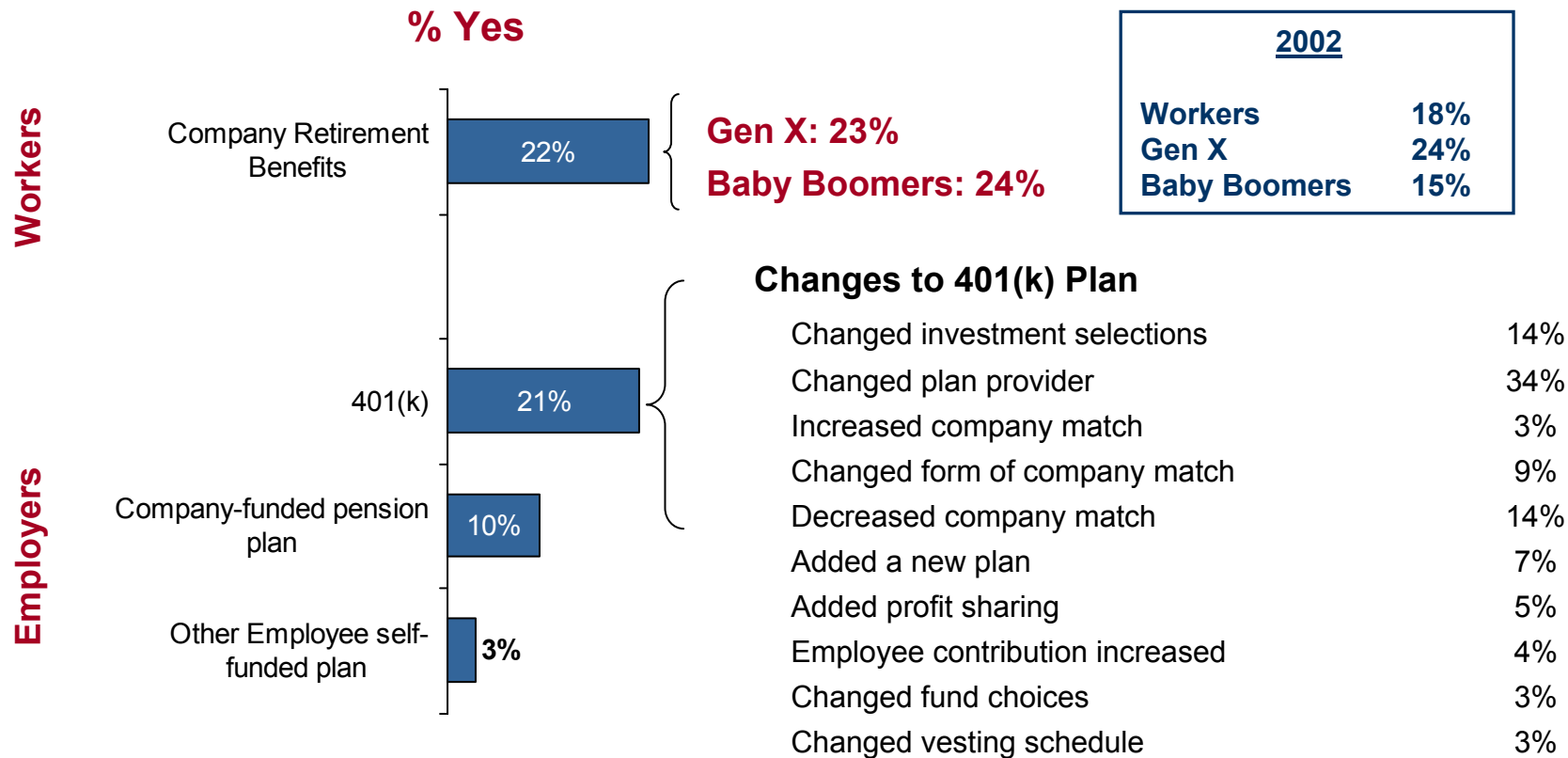


E Q14 Did you use an outside advisor to help you select your retirement plan?... Base: Offer 401(k) plan (n=177)

E Q15 What type of advisor did you use? Base: Used outside advisor to help select retirement plan (n=139)



Changes in Retirement Benefits



W Q26 Has your company made any changes to the retirement benefits it offers over the past 12 months? Base: Offer any plan (G: n=144; B: n=220)

E Q11 In the past 12 months, has your company changed... Base: Offer plan (Company-funded; n=244, Employee-funded)

E Q12 What was changed in the 401(k) plan? Base: (401(k) plan has been changed in the past 12 months (n=43)



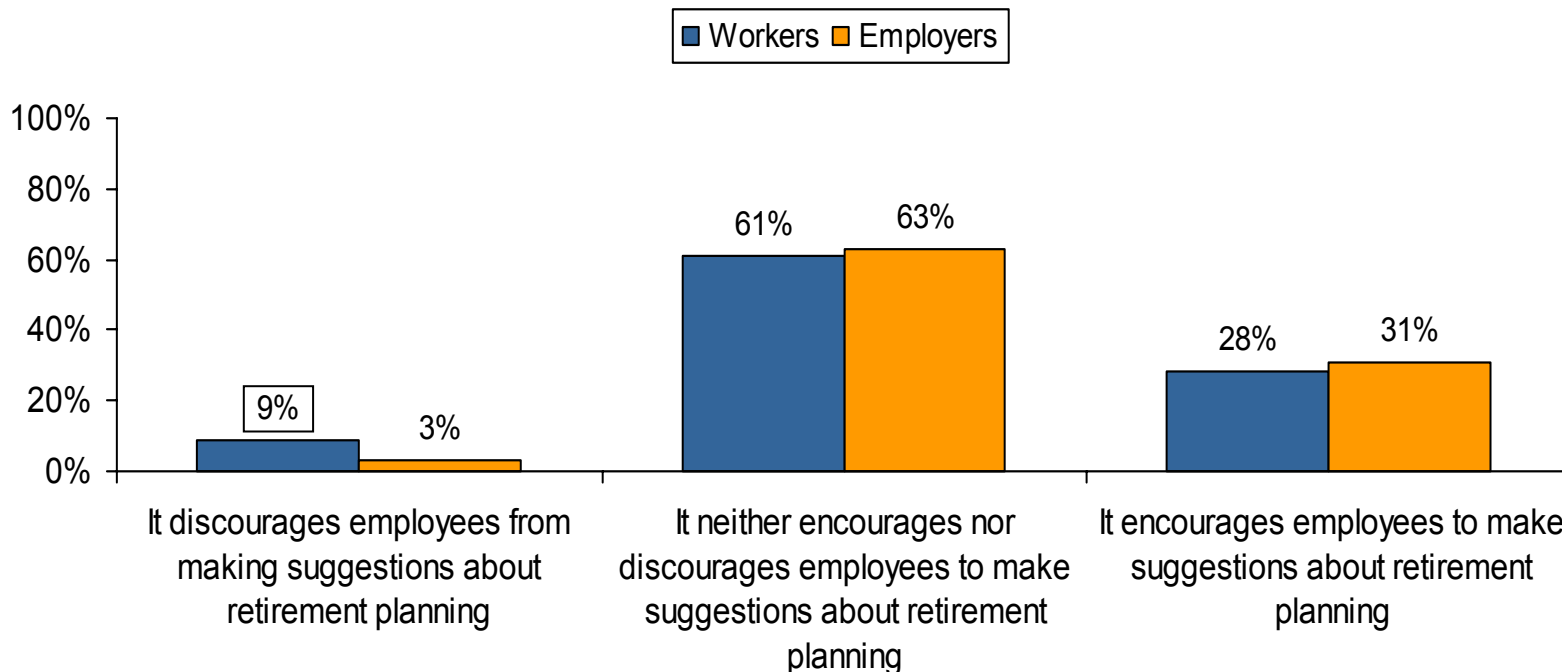
Openness to Worker Input into Retirement Plans

- As in 2002, the majority of workers (61%) see their employer as neutral regarding employee input on retirement planning. About one-quarter (28%) say their employer encourages input, while only 1-in-10 (9%) say their employer discourages it.
 - Both Baby Boomers and Gen Xers are more likely to feel their employer encourages input rather than discourages it: Gen Xers (27% vs. 10%) and Baby Boomers (28% vs. 7%).
 - In 2002, Baby Boomers were more likely than Gen Xers to feel their company discourages employee input.
 - The presence of a company plan is important in creating a climate of openness to employee input. Fifteen percent (15%) of those whose companies do not offer a plan feel discouraged from offering input, compared to 5%-6% of workers who have access to a plan, regardless of whether they participate in the plan or not.
- Employers have a slightly more favorable view of their openness to employee input, with only 3% reporting they discourage employee input, two-thirds (63%) claiming to be neutral and 31% saying they encourage workers' input.
 - Those employers who offer a plan are more than twice as likely to say they encourage employee input as those who do not offer a plan (38% vs. 17%).



Openness to Worker Input

W - Workers
E - Employers



	W	E	W	E	W	E
2002	10%	2%	61%	68%	25%	27%

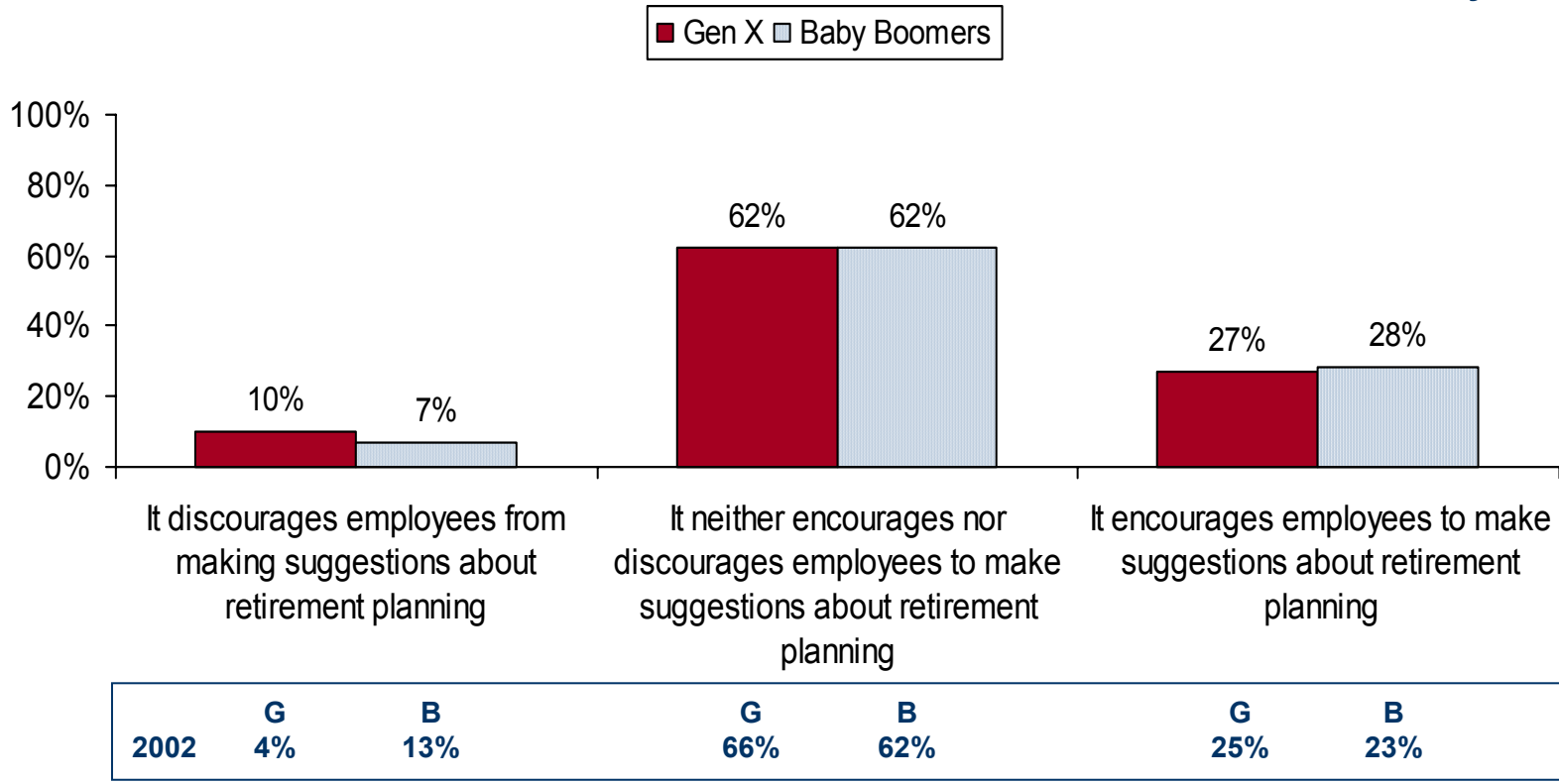
W Q29 Which of the following best describes your company? Base: All respondents (n=600)

E Q19 Which of the following best describes your company? Base: All respondents (n=300)



Openness to Worker Input, cont'd.

G - Gen X
B - Baby Boomers



W Q29 Which of the following best describes your company? Base: All respondents (G: n=182; B: n=289)

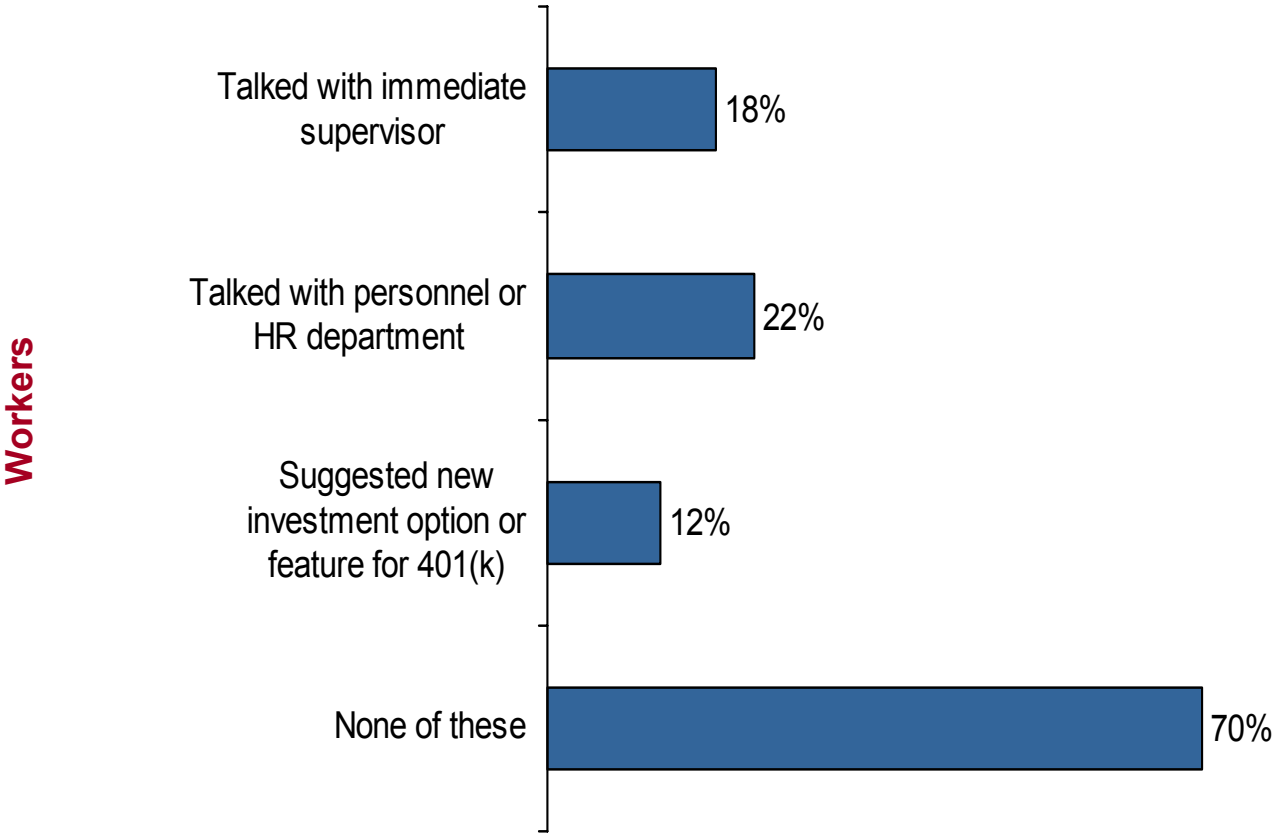


Communication about Retirement Benefits

- Possibly as a result of the perceived lack of encouragement from their companies, relatively few workers reported communicating with either their immediate supervisor (18%) or with the personnel/HR department (22%) about their retirement benefits in the past 12 months.
 - However, one in eight workers (12%) did become actively involved in their 401(k) plan and actually suggested new investment options or features for their plan.
 - Gen Xers and Baby Boomers showed about the same level of communication effort.



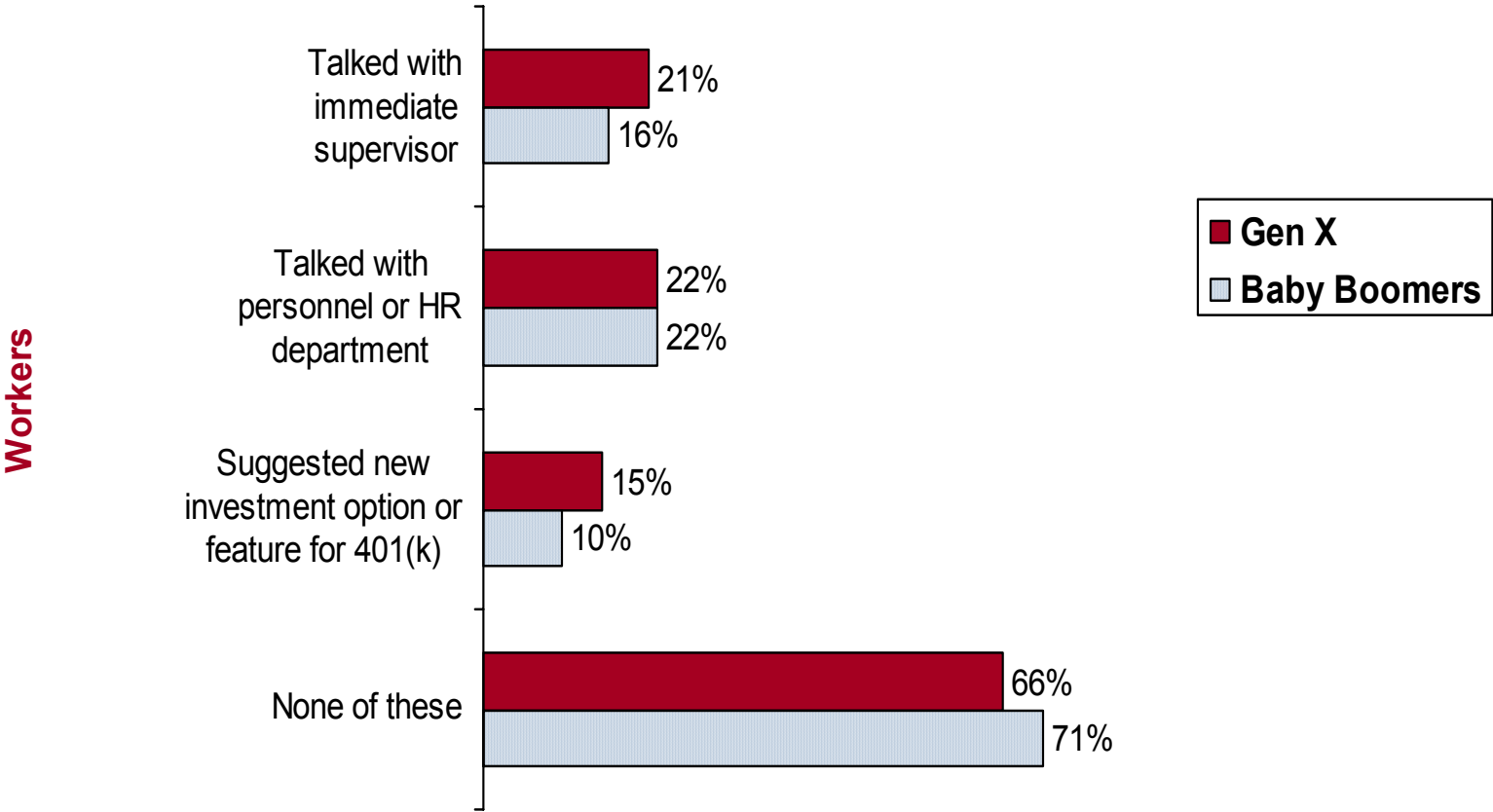
Communication about Retirement Benefits



W Q28 Whether communicated with company regarding retirement benefits in past 12 months? Base: All respondents (n=600)



Communication about Retirement Benefits, cont'd.



W Q28 Whether communicated with company regarding retirement benefits in past 12 months? Base: All respondents (n=600)



Changes in Workers' Benefits

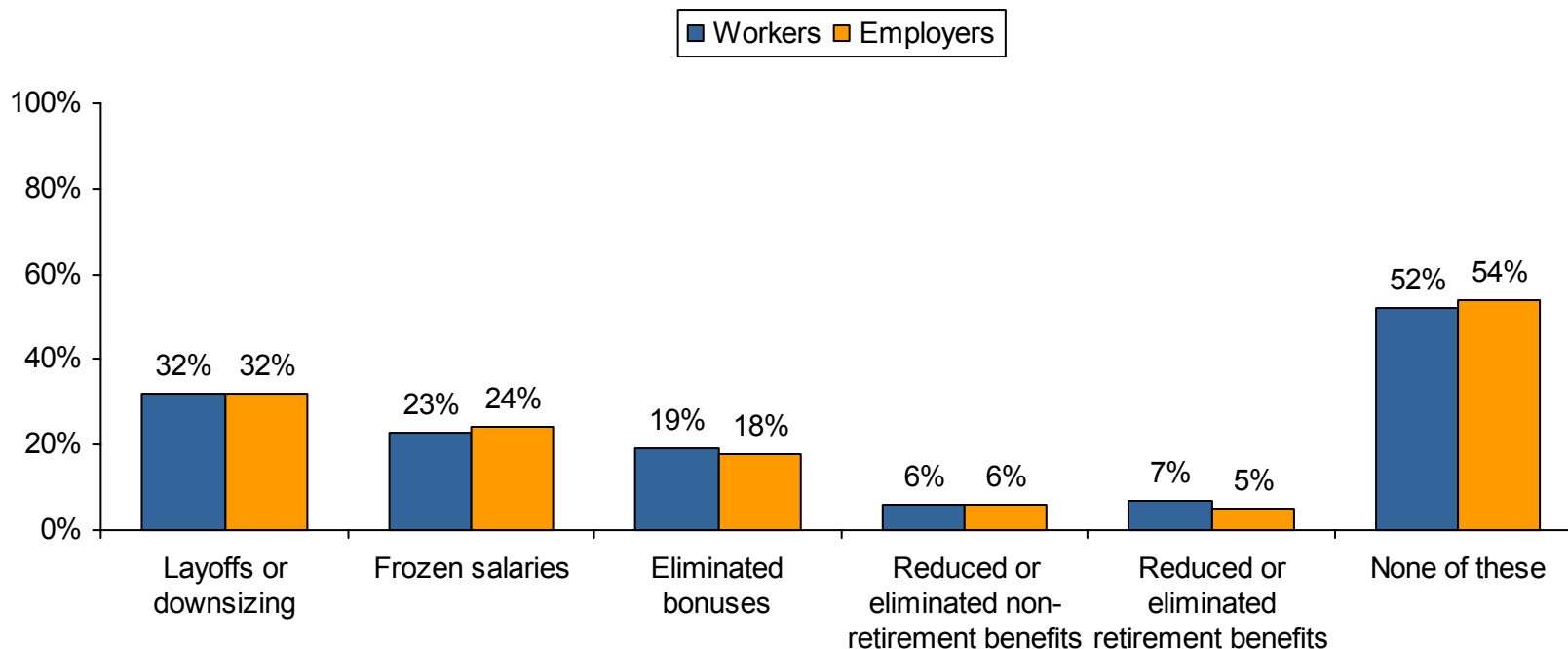
- About one-half of workers report that their employers have made changes to their workers' benefits in the past 12 months.
 - Most commonly, companies have gone through layoffs/downsizing (32%), frozen salaries (23%) or eliminated bonuses (19%).
 - Less frequent actions included reducing/eliminating benefits (7% retirement; 6% non-retirement).
 - Baby Boomers are more likely than Gen Xers to have experienced frozen salaries (29% vs. 19% for Gen Xers) over the past 12 months.
 - Baby Boomers also experienced more frozen salaries than in 2002 (29% vs. 21%).
 - Gen Xers were more likely to experience layoffs or downsizing in the past year than in 2002 (36% vs. 28%), which may help to explain their greater concern about current employment over long-term retirement needs.

- Employers reported these benefits changes with similar frequencies.
 - Layoffs/downsizing, 32%; frozen salaries, 24%; eliminated bonuses, 18%; reduced/eliminated benefits (5% retirement; 6% non-retirement).
 - Despite the economic downturn and constant strains on their business, more than one-half of employers (54%) have been reluctant to implement any of these changes to their employees' benefits.



Changes in Workers' Benefits

W - Workers
E - Employers



	W	E	W	E	W	E	W	E	W	E	W	E
2002	30%	30%	21%	20%	14%	11%	9%	8%	6%	5%	58%	59%

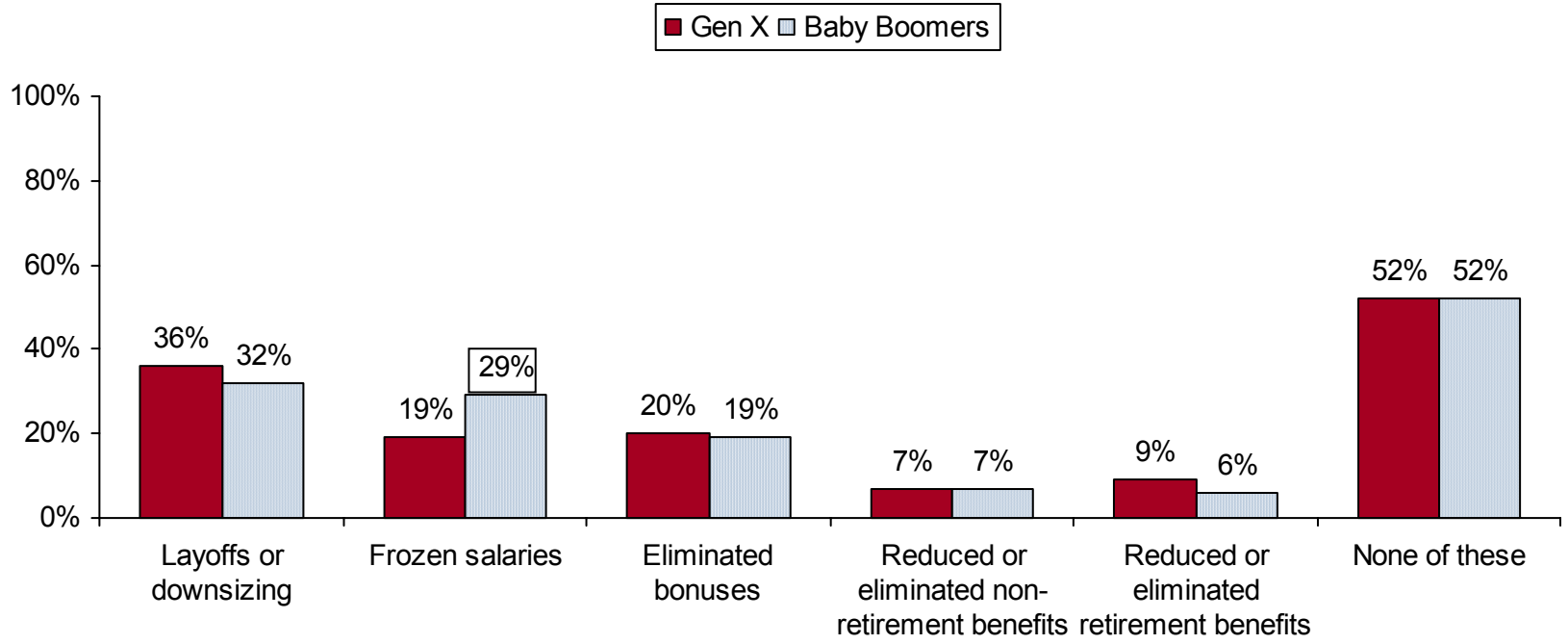
W Q27 Has the company you work for implemented any of the following measures over the past 12 months? Base: All respondents (n=600)

E Q18 Has your company implemented any of the following measures over the past 12 months? Base: All respondents (n=300)



Changes in Workers' Benefits, cont'd.

G - Gen X
B - Baby Boomers



Year	Gen X (%)	Baby Boomers (%)	Gen X (%)	Baby Boomers (%)	Gen X (%)	Baby Boomers (%)	Gen X (%)	Baby Boomers (%)	Gen X (%)	Baby Boomers (%)
2002	28%	30%	19%	21%	15%	14%	6%	11%	61%	56%

W Q27 Has the company you work for implemented any of the following measures over the past 12 months? Base: All respondents (n=600; G=182 B=289)

Detailed Findings - 2003

Worker Financial Security

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Company Concern for Workers' Financial Security

- Currently, two-thirds of workers (68%) believe their employer is very/somewhat concerned with helping its employees attain a financially secure retirement (27% very concerned, 41% somewhat concerned).
 - Only 14% of workers perceive that the company is not at all concerned.
 - Gen X and Baby Boomer respondents share these perceptions equally.
- However, perceived employer concern appears to have declined somewhat since 2002, possibly due to some of the changes experienced in the workplace such as layoffs and downsizing, frozen salaries and eliminated bonuses.
 - The proportion of workers who feel their company is very concerned declined from 35% in 2002 to 27% in 2003.
 - Among Gen Xers, the drop in perceived concern was more precipitous, declining from 34% in 2002 to 22% in 2003.



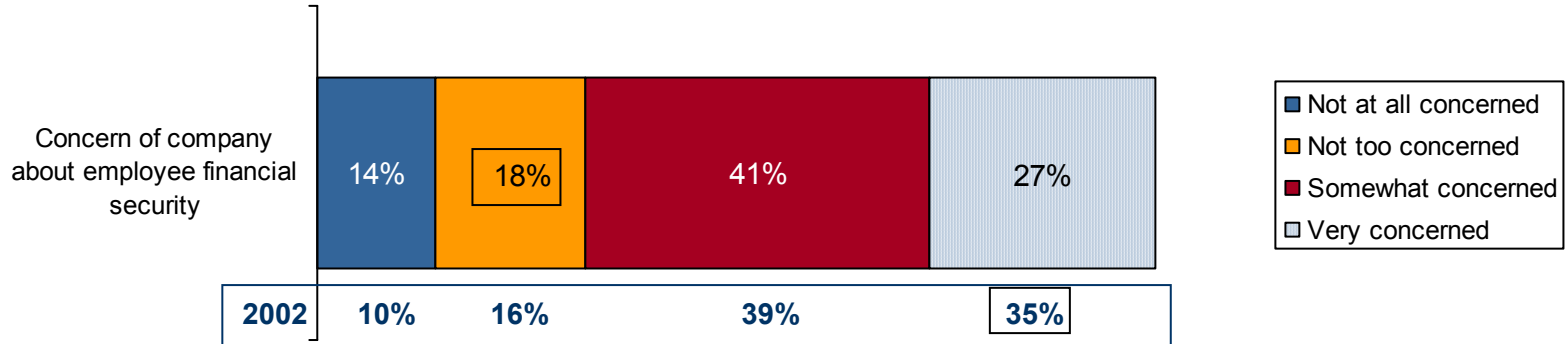
Company Concern for Workers' Financial Security, cont'd.

- Employers express a level of concern with helping employees achieve a financially secure retirement that is somewhat higher than their workers perceive.
 - More than 8-in-10 employers (85%) report that they are very/somewhat concerned with assisting their workers towards this goal (35% very concerned; 50% somewhat concerned). Only 5% admit to being not at all concerned.
 - Employers' perceived concern about their employees' financial security has not diminished since 2002, while workers' belief in that concern has fallen.
- Employer concern is greater among firms that offer an employee-funded plan (92% among those who offer vs. 73% among those who do not).
 - Interestingly, nearly one-quarter (24%) who choose not to offer a plan still claim to be very concerned.

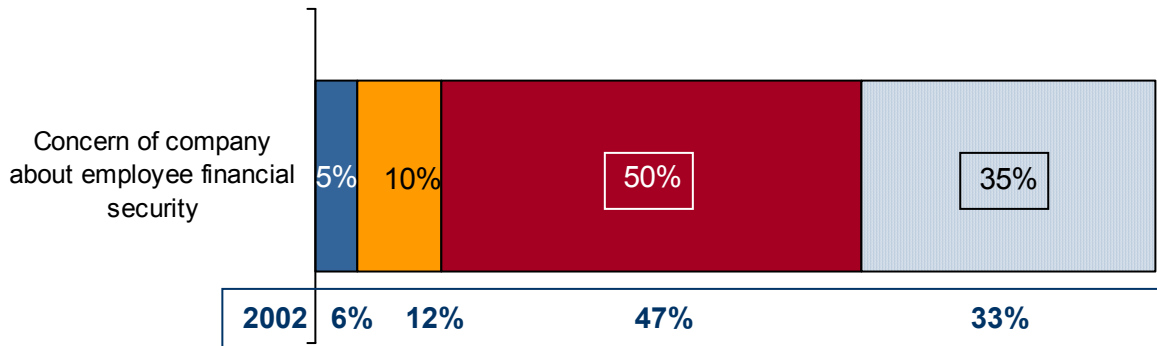


Company Concern for Workers' Financial Security

Workers



Employers



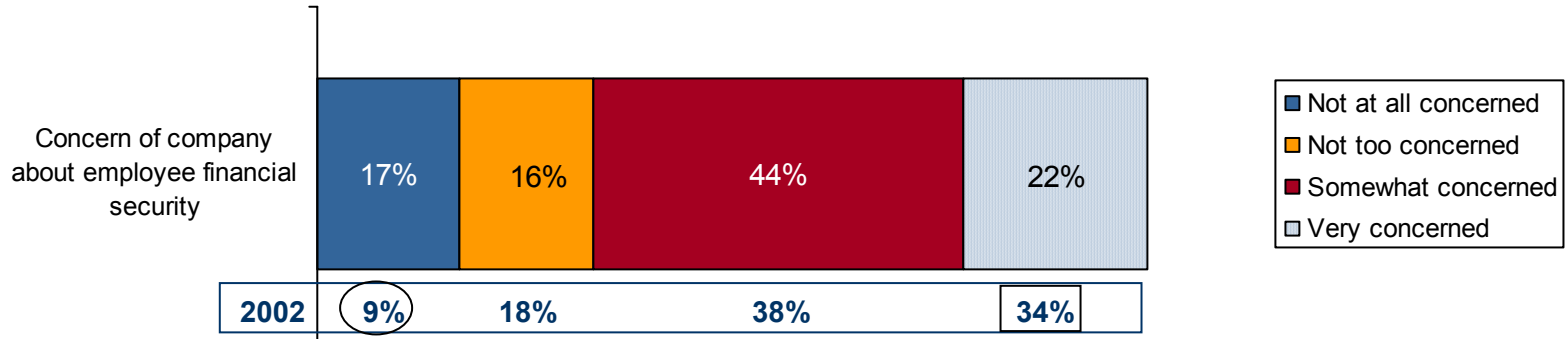
W Q24 How concerned do you feel your company is with helping its employees have a financially secure retirement? Base: All respondents (n=600)

E Q9 How concerned do you feel your company is with helping its employees have a financially secure retirement? Base: All respondents (n=300)

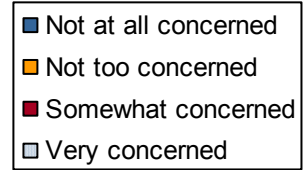
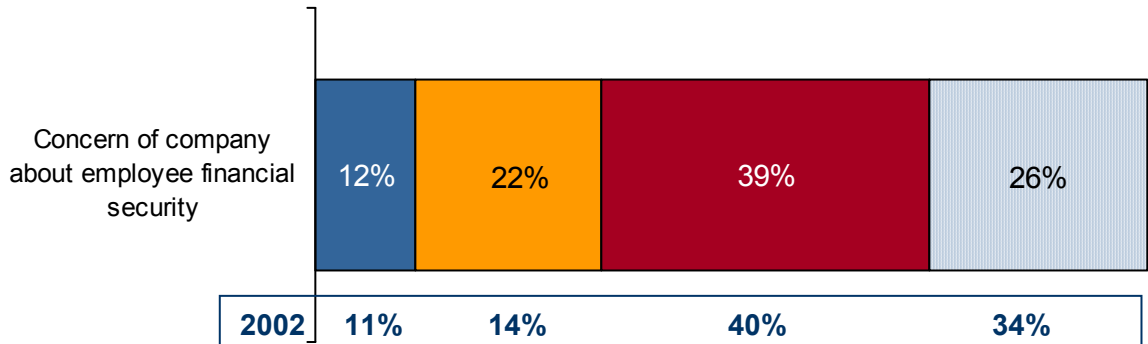


Company Concern for Workers' Financial Security, cont'd.

Gen X



Baby Boomers



W Q24 How concerned do you feel your company is with helping its employees have a financially secure retirement? Base: All respondents (G: n=182; B: n=289)



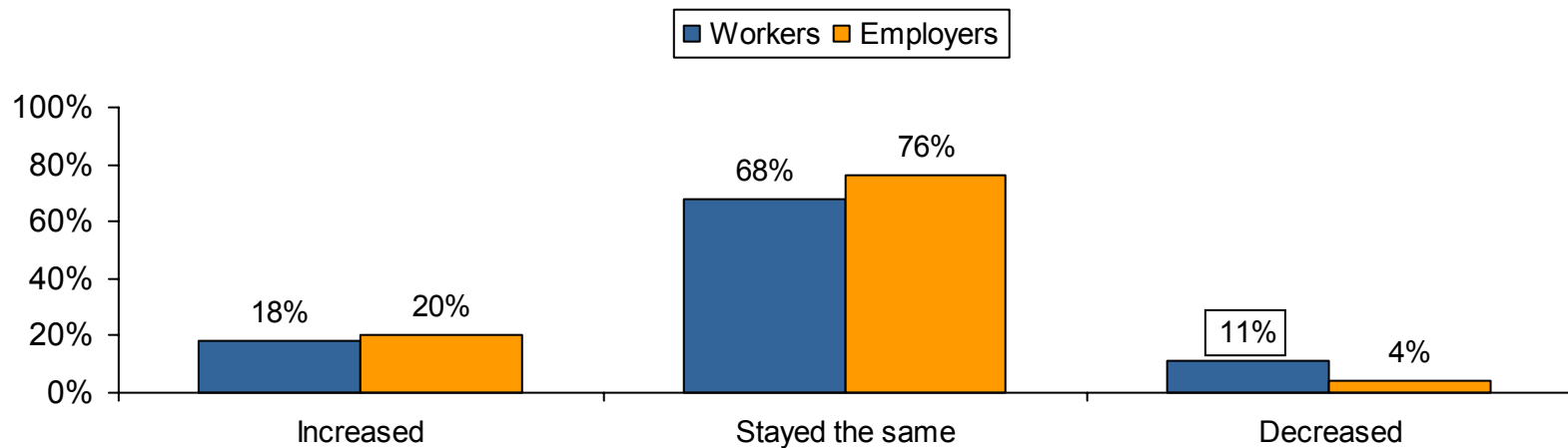
Changes in Company Concern for Workers' Financial Security

- Although fewer workers perceive their employer to be very concerned about their financial security than last year, they still are more likely to report that company concern has increased (18%) than that it has decreased (11%) over the past 12 months.
 - However, the proportion reporting decreased concern is up significantly from 2002 (11% vs. 8%).
 - Two-thirds (68%) feel company concern has stayed the same.
 - No differences are evident in how Gen Xers and Baby Boomers perceive changes in their company's concern over the past 12 months.
- Changes in employers' concern are somewhat less negative than changes in workers' sentiments, with only 4% of employers reporting decreased concern over the past 12 months, compared to 11% of workers.
 - Employers are much more likely to feel their concern has increased (20%) than decreased (4%). There appears to be a disconnect between workers and their employers over the direction of change in company concern.



Changes in Company Concern

W - Workers
E - Employers



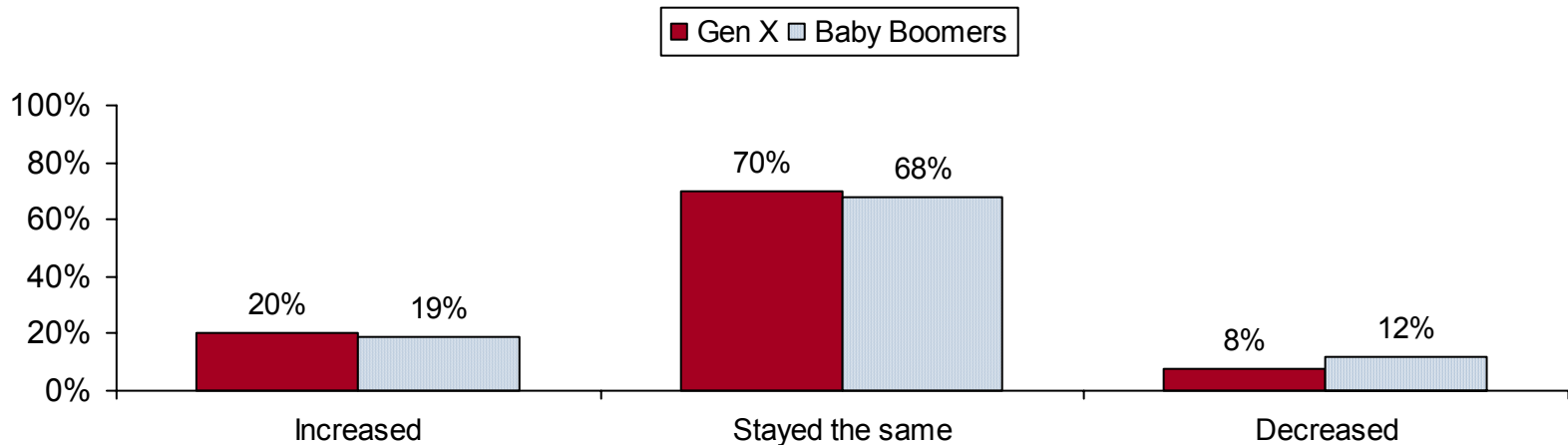
	W	E	W	E	W	E
2002	19%	22%	70%	72%	8%	6%

W Q25 Do you feel this concern has increased, decreased or stayed the same over the past 12 months? Base: All respondents (n=600)
 E Q10 Has this concern increased, decreased or stayed the same over the past 12 months? Base: All respondents (n=300)



Changes in Company Concern, cont'd.

G - Gen X
B - Baby Boomers



2002	G	B	G	B	G	B
	17%	20%	73%	68%	8%	9%

W Q25 Do you feel this concern has increased, decreased or stayed the same over the past 12 months? Base: All respondents (G: n=182; B: n=289)



Worker Confidence in Achieving a Comfortable Retirement Lifestyle

- Just over two-thirds of workers (68%) are at least somewhat confident that they will achieve a comfortable lifestyle in retirement (28% very confident; 39% somewhat confident). The proportion very confident is up from 23% in 2002.
 - 14% of workers are not at all confident, twice the proportion observed in 2002.
 - The proportion of Baby Boomers very confident they will achieve a comfortable retirement lifestyle has increased from 2002 (28% vs. 16%); and they now exhibit the same degree of confidence as Gen Xers, with 67% of Gen Xers and 64% of Baby Boomers at least somewhat confident.
 - However, at the other end of the confidence scale, a significantly greater proportion of Gen Xers and Baby Boomers report being not at all confident compared to 2002 (Gen Xers 13% vs. 6%; Baby Boomers 16% vs. 7%). These workers may have been hit hardest by the market downturn of the last few years.



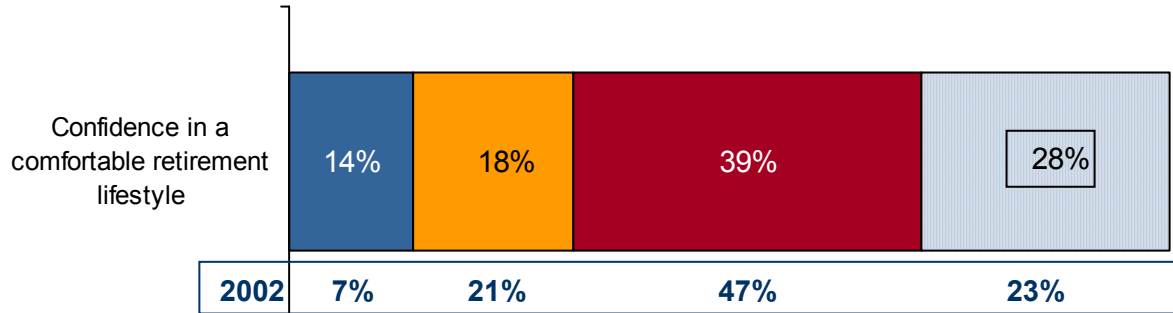
Worker Confidence in Achieving a Comfortable Retirement Lifestyle, cont'd.

- Employers are much less optimistic about their workers' confidence levels. About half (54%) of employers believe their workers are very/somewhat confident, with only 4% very confident. However, only 8% of employers are truly pessimistic, rating their workers not at all confident.
 - In 2001, only 4-in-10 employers (40%) believed their workers were very/somewhat well prepared for retirement. This rose to 48% in 2002, indicating an upward trend in optimism among employers that has continued in 2003.
 - Employers who offer an employee-funded retirement plan have a greater belief that their employees are very/somewhat confident they will achieve a comfortable retirement than employers who do not offer an employee-funded retirement plan (61% vs. 42%).

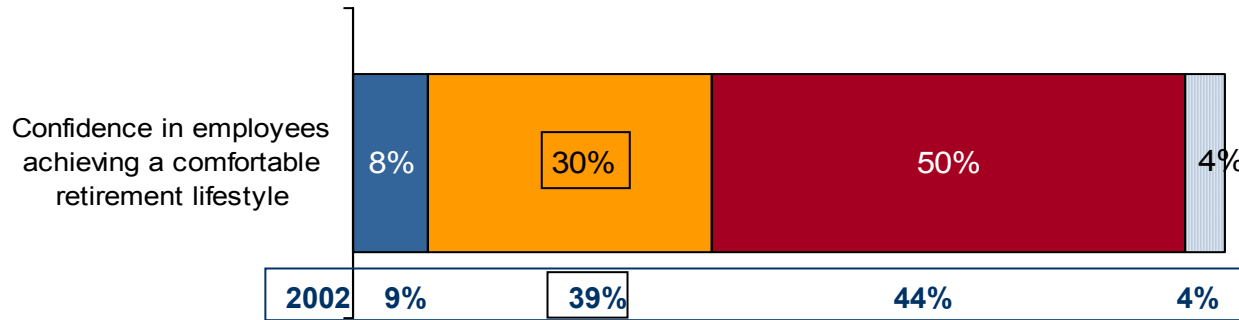


Worker Confidence in Achieving a Comfortable Retirement Lifestyle

Workers



Employers



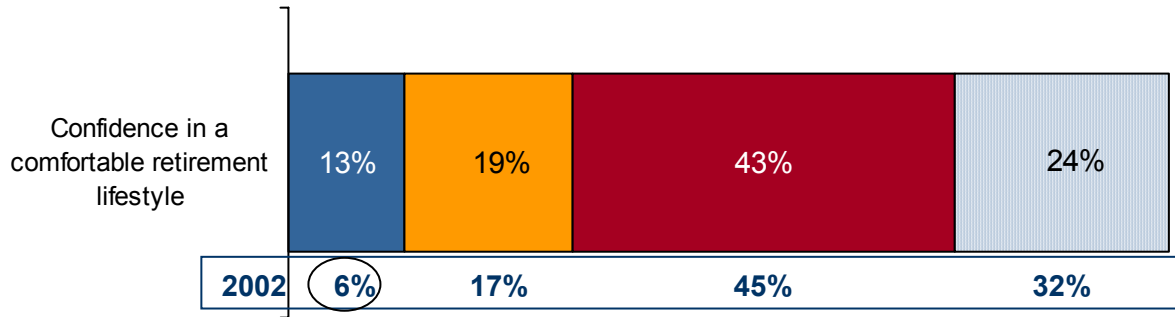
Not at all confident
 Not too confident
 Somewhat confident
 Very confident

W Q15 How confident are you that you will be able to retire in a lifestyle you would consider comfortable? Base: All respondents (n=600)

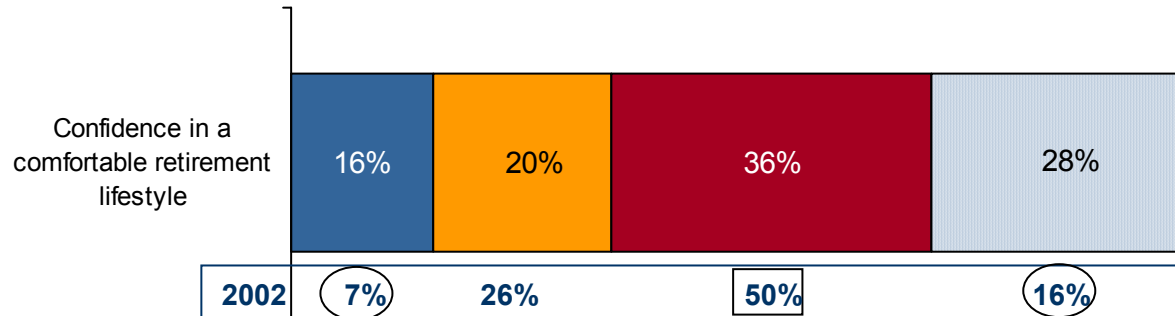
E Q17 Following the recent economic downturn, how confident do you feel your employees are that they will be able to achieve a comfortable lifestyle in their retirement? Would you say they are... Base: All respondents (n=300)

Worker Confidence in Achieving a Comfortable Retirement Lifestyle, cont'd.

Gen X



Baby Boomers



Not at all confident
 Not too confident
 Somewhat confident
 Very confident

W Q15 How confident are you that you will be able to retire in a lifestyle you would consider comfortable? Base: All respondents (G: n=182; B: n=289)

Detailed Findings - 2003

Attitudes toward Retirement Issues and the Retirement Plan

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Attitudes towards Retirement Issues

- Workers were asked their level of agreement with a battery of statements about retirement planning and about the role of their employer and the government in financing retirement. Employers were asked their level of agreement with the same battery of statements with reference to their employees.
- In general, workers have a greater desire to become more involved with their retirement savings and want more resources available to them to achieve their goals. Employers believe that employees are generally more apathetic towards their retirement and in need of guidance. They appear to be more pessimistic regarding their employees' ability to meet their retirement goals.
 - Nearly 4-in-10 workers agree strongly that they are very involved in monitoring and managing their retirement savings; however, only 14% of employers agree strongly that their employees are doing this.
 - Workers are even more likely than in 2002 to agree (strongly/somewhat) that they are very involved in monitoring and managing their retirement savings (79% vs. 67%).
 - About 1-in-3 workers trust themselves to manage their retirement savings more than they trust their employer or an outside financial company (31% agree strongly), Fewer employers agree that employees would feel better managing their own retirement savings (18% agree strongly).
 - Employers are less likely than a year ago to agree (strongly/somewhat) that employees feel it is better to manage their own retirement savings (50% in 2003 vs. 63% in 2002).



Attitudes towards Retirement Issues

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Attitudes towards Retirement Issues, cont'd.

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 - Employers are less likely than a year ago to agree (strongly/somewhat) that employees feel it is better to manage their own retirement savings (50% in 2003 vs. 63% in 2002).
- Only 3-in-10 (31%) of workers agree strongly/somewhat that they 'prefer not to think about or concern myself with retirement investing until I get closer to my retirement date.' More than twice as many employers (73%) believe their employees will respond this way.
- Just over half of workers (54%) agree strongly/somewhat that they 'could work until age 65 and still not save enough to meet my retirement needs,' but 9-in-10 employers (90%) believe their employees will not have saved enough by age 65.



Attitudes towards Retirement Issues, cont'd.

- Most workers realize their shortcomings on investing knowledge, and they are looking for the tools and guidelines to facilitate their retirement savings management.
 - Three-fourths of workers (71%) believe strongly/somewhat that they ‘do not know as much about investing as they should.’ This view held even more strongly by nearly all employers (95%), who believe their workers are not as well educated about investing as they should be.
 - Three-fourths (74%) of workers want more options available to them when it comes to selecting the different investment funds, whereas only 61% of employers feel that this is important to their employees.
 - Nearly half (47%) of workers but only one-third (30%) of employers agree strongly that ‘the government needs to become more involved in setting guidelines and creating programs aimed at helping safeguard employees’ retirement benefits.’
- Not surprisingly, workers more often strongly agree that the government should take a more active role in retirement plan governance.
 - Nearly twice as many workers as employers (13% vs. 8%) agree strongly that ‘the government should make it illegal for companies to match employee retirement benefits with company stock.’



Attitudes towards Retirement Issues, cont'd.

- Gen Xers are more likely than Baby Boomers to agree that they lack the knowledge needed for retirement investing; but they also show more interest in receiving information and advice, and they are more likely to want additional investment fund options.
 - Three-fourths (73%) of Gen Xers agree strongly/somewhat they don't know as much as they should about retirement investing, compared to 62% of Baby Boomers.
 - Gen Xers are more interested than Baby Boomers in receiving more information and advice on how to reach their retirement goals (74% vs. 59%).
 - Approximately 8-in-10 (81%) Gen Xers want more options available to them in terms of the different investment funds offered, compared to 70% of Baby Boomers.

Attitudes towards Retirement Issues

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly		Employers
	W	E	W	E	W	E	
I currently am very involved in monitoring and managing my retirement savings	38%	14%	41%	36%	20%	47%	Most company employees are generally very involved in monitoring and managing their retirement savings.
I do not know as much as I should about retirement investing	35%	68%	36%	27%	28%	4%	Most company employees do not know as much as they should about retirement investing
I would prefer to rely on outside experts to monitor and manage my retirement savings	26%	32%	32%	45%	41%	18%	Most company employees would prefer to rely on outside experts to monitor and manage their retirement savings
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	14%	36%	17%	37%	67%	25%	Most company employees prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date
I could work until age 65 and still not save enough to meet my retirement needs	36%	58%	19%	32%	43%	6%	Most company employees could work until age 65 and still not save enough to meet their retirement needs
The government needs to become more involved in setting guidelines and creating programs aimed at helping to safeguard employees' retirement benefits	47%	30%	24%	25%	27%	43%	The government needs to become more involved in setting guidelines and creating programs aimed at helping to safeguard employees' retirement benefits
The government should make it illegal for companies to match employee retirement benefits in company stock	13%	8%	13%	6%	72%	81%	The government should make it illegal for companies to match employee retirement benefits in company stock
I want more options available to me when it comes to selecting the different investment funds offered within my retirement plan	41%	21%	33%	40%	22%	35%	Most company employees would like more options available to them when it comes to selecting among the different investment funds offered within their retirement plan
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	31%	18%	32%	32%	35%	42%	Most company employees feel it is better to manage their own retirement savings rather than have it managed by their company or some other outside financial company
I would like to receive more information and advice from my company on how to reach my retirement goals	30%	26%	35%	39%	33%	31%	Most company employees would like to receive more information and advice from the company on how to reach their retirement goals

W Q30, E Q20 People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents W (n=600); E (n=300)

Attitudes towards Retirement Issues, cont'd.

Workers	Agree strongly/ somewhat		Employers
	2003	2002	
I currently am very involved in monitoring and managing my retirement savings	79%	67%	50% 56%
I do not know as much as I should about retirement investing	71%	76%	95% 91%
I would prefer to rely on outside experts to monitor and manage my retirement savings	58%	61%	77% 79%
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	31%	29%	73% 72%
I could work until age 65 and still not save enough to meet my retirement needs	55%	56%	90% 84%
The government needs to become more involved in setting guidelines and creating programs aimed at helping to safeguard employees' retirement benefits	71%	75%	55% 62%
The government should make it illegal for companies to match employee retirement benefits in company stock	25%	25%	14% 21%
I want more options available to me when it comes to selecting the different investment funds offered within my retirement plan	74%	74%	61% 59%
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	63%	58%	50% 63%
I would like to receive more information and advice from my company on how to reach my retirement goals	65%	67%	65% 68%

W Q30, E Q20 People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents W (n=600); E (n=300)

Attitudes towards Retirement Issues, cont'd.

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly	
	G	B	G	B	G	B
I currently am very involved in monitoring and managing my retirement savings	37%	40%	38%	43%	25%	17%
I do not know as much as I should about retirement investing	39%	27%	34%	35%	25%	38%
I would prefer to rely on outside experts to monitor and manage my retirement savings	22%	33%	37%	28%	41%	38%
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	18%	10%	20%	12%	62%	75%
I could work until age 65 and still not save enough to meet my retirement needs	37%	35%	21%	18%	40%	44%
The government needs to become more involved in setting guidelines and creating programs aimed at helping to safeguard employees' retirement benefits	47%	45%	24%	28%	28%	26%
The government should make it illegal for companies to match employee retirement benefits in company stock	15%	11%	10%	10%	72%	77%
I want more options available to me when it comes to selecting the different investment funds offered within my retirement plan	51%	33%	30%	37%	19%	25%
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	28%	29%	35%	29%	34%	40%
I would like to receive more information and advice from my company on how to reach my retirement goals	36%	23%	38%	36%	26%	41%

G - Gen X
B - Baby Boomers

W Q30, People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents (G: n=182; B: n=289)

Attitudes towards Retirement Issues, cont'd.

Workers	Gen X		Baby Boomers	
	Agree strongly/ somewhat		Agree strongly/ somewhat	
	2003	2002	2003	2002
I currently am very involved in monitoring and managing my retirement savings	75%	65%	83%	69%
I do not know as much as I should about retirement investing	73%	74%	62%	77%
I would prefer to rely on outside experts to monitor and manage my retirement savings	59%	63%	61%	65%
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	38%	33%	22%	22%
I could work until age 65 and still not save enough to meet my retirement needs	58%	48%	53%	61%
The government needs to become more involved in setting guidelines and creating programs aimed at helping to safeguard employees' retirement benefits	71%	75%	73%	76%
The government should make it illegal for companies to match employee retirement benefits in company stock	25%	24%	21%	25%
I want more options available to me when it comes to selecting the different investment funds offered within my retirement plan	81%	75%	70%	71%
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	63%	57%	58%	58%
I would like to receive more information and advice from my company on how to reach my retirement goals	74%	65%	59%	70%

W Q30, People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents (G: n=182; B: n=289)



Attitudes towards Employee-Funded Plan

- Workers appear fairly content with most aspects of their employee-funded retirement plans, though somewhat less content than employers perceive.
 - While most (84%) of workers agree strongly/somewhat that ‘my company manages its 401(k) program with the best interests of its employees in mind,’ nearly all (94%) of employers claim to do so.
 - The difference is larger for the ‘agree strongly’ response (46% of workers vs. 78% of employers).
 - Workers remain less likely to agree strongly that their ‘company gives out accurate information about how the 401(k) plan is doing’ (74% of workers vs. 82% of employers).
 - Workers are also somewhat less likely than employers to believe that their company gives out enough information about the 401(k) plan (83% vs. 93% agree strongly/somewhat).
 - Workers and employers agree similarly with statements about risk, with fewer than one-third agreeing strongly/somewhat that the 401(k) plan ‘exposes employees to significant financial risk’ (30% of workers and 24% of employers).
 - Baby Boomers are more likely than Gen Xers to believe their company’s 401(k) program exposes employees to significant financial risk (40% vs. 18%, with no strong agreement among Gen Xers).
 - Companies appear to have been more forthcoming in 2003 about each plan selection’s annual administrative costs, as workers are more likely to agree strongly/somewhat with this statement (76% versus 67% in 2002).

Attitudes towards Employee-Funded Plan

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly		Employers
	W	E	W	E	W	E	
My company manages its 401(k) program with the best interests of employees in mind	46%	78%	38%	16%	14%	5%	Our company manages its 401k program with the best interests of employees in mind
My company's 401(k) program exposes employees to significant financial risk	9%	10%	21%	14%	67%	73%	Our company's 401k program exposes employees to significant financial risk
My company gives out accurate information about how the 401(k) plan is doing	74%	82%	20%	12%	5%	4%	Our company gives out accurate information about how the 401k plan is doing
My company tells me how much each of my plan selections charge in administrative costs each year	46%	49%	30%	17%	21%	30%	Our company tells employees how much each of their plan selections charges in administrative costs each year
My company gives out enough information about the 401(k) plan	54%	65%	29%	28%	16%	7%	Our company gives out enough information about the 401(k) plan

W Q30, E Q20 People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: W: Participate in plan (n=78); E: Offer plan (n=151)

Attitudes towards Employee-Funded Plan, cont'd.

Workers	Agree strongly/ somewhat			Agree strongly/ somewhat		Employers
	2003	2002		2003	2002	
My company manages its 401(k) program with the best interests of employees in mind	84%	87%		94%	86%	Our company manages its 401k program with the best interests of employees in mind
My company's 401(k) program exposes employees to significant financial risk	30%	32%		24%	30%	Our company's 401k program exposes employees to significant financial risk
My company gives out accurate information about how the 401(k) plan is doing	94%	89%		94%	93%	Our company gives out accurate information about how the 401k plan is doing
My company tells me how much each of my plan selections charge in administrative costs each year	76%	67%		66%	65%	Our company tells employees how much each of their plan selections charges in administrative costs each year
My company gives out enough information about the 401(k) plan	83%	na		93%	na	Our company gives out enough information about the 401(k) plan

W Q30, E Q20 People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: W: Participate in plan (n=78); E: Offer plan (n=151)

Attitudes towards Employee-Funded Plan, cont'd.

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly	
	G	B	G	B	G	B
My company manages its 401(k) program with the best interests of employees in mind	45%	44%	41%	38%	13%	17%
My company's 401(k) program exposes employees to significant financial risk	0%	15%	18%	25%	79%	58%
My company gives out accurate information about how the 401(k) plan is doing	71%	73%	23%	20%	5%	7%
My company tells me how much each of my plan selections charge in administrative costs each year	41%	50%	34%	26%	24%	22%
My company gives out enough information about the 401(k) plan	51%	54%	34%	25%	14%	20%

G - Gen X
B - Baby Boomers

W Q30, People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: W: Participate in plan (n=78); E: Offer plan (n=151)

Attitudes towards Employee-Funded Plan, cont'd.

Workers	Gen X			Baby Boomers	
	Agree strongly/ somewhat			Agree strongly/ somewhat	
	2003	2002		2003	2002
My company manages its 401(k) program with the best interests of employees in mind	86%	91%		82%	83%
My company's 401(k) program exposes employees to significant financial risk	18%	26%		40%	31%
My company gives out accurate information about how the 401(k) plan is doing	94%	87%		93%	91%
My company tells me how much each of my plan selections charge in administrative costs each year	75%	67%		76%	63%
My company gives out enough information about the 401(k) plan	85%	na		79%	na

W Q30, People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: W: Participate in plan (n=78); E: Offer plan (n=151)

Detailed Findings - 2003

Worker Retirement Planning: Sources of Funds and Management

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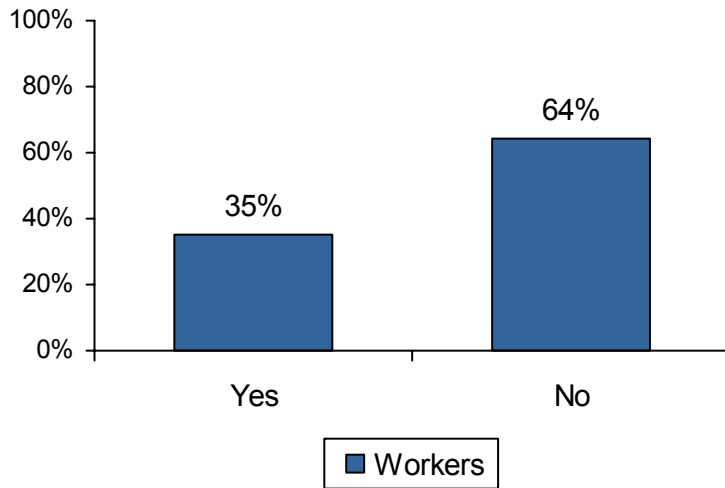
Previous Retirement Plan Participation

- About one-third (35%) of workers have participated in a retirement plan at another employer.
 - Baby Boomers, with greater experience in the workforce, are somewhat more likely than Gen Xers to have participated in a retirement plan at another employer (41% vs. 33%).
- Of those who do not currently participate in their employer's plan, about 1-in-8 (13%) have previously participated in the plan.



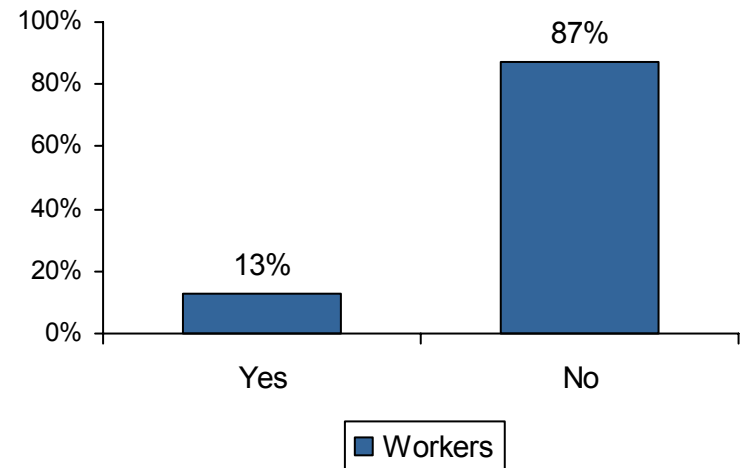
Previous Retirement Plan Participation

Ever Participated in a Plan



2002	34%	66%
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Ever Participated in Plan of Current Company



2002	17%	83%
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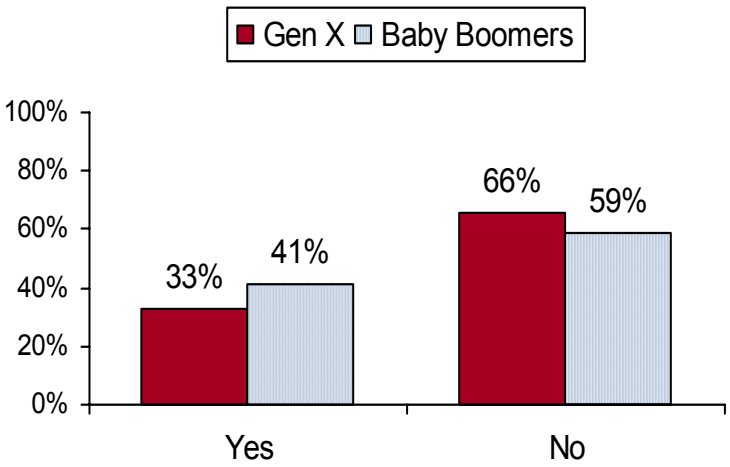
W Q11a Have you ever participated in another company's retirement savings plan? Base: All Respondents (n=600)

W Q11b Have you ever participated in the retirement savings plan of your current company? Base: Not Currently Participating In Retirement Plan (n=140)



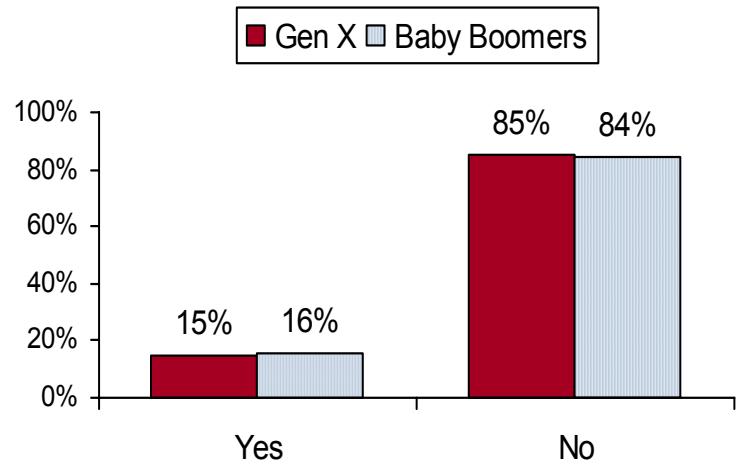
Previous Retirement Plan Participation, cont'd.

Ever Participated in a Plan



2002	37%	35%	62%	65%
-------------	------------	------------	------------	------------

Ever Participated in Plan of Current Company



2002	3%	28%	97%	72%
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W Q11a Have you ever participated in another company's retirement savings plan? Base: All Respondents (G: n=182; B: n=289)
 W Q11b Have you ever participated in the retirement savings plan of your current company? Base: Not Currently Participating In Retirement Plan
 (G: n=52; B: n=47)



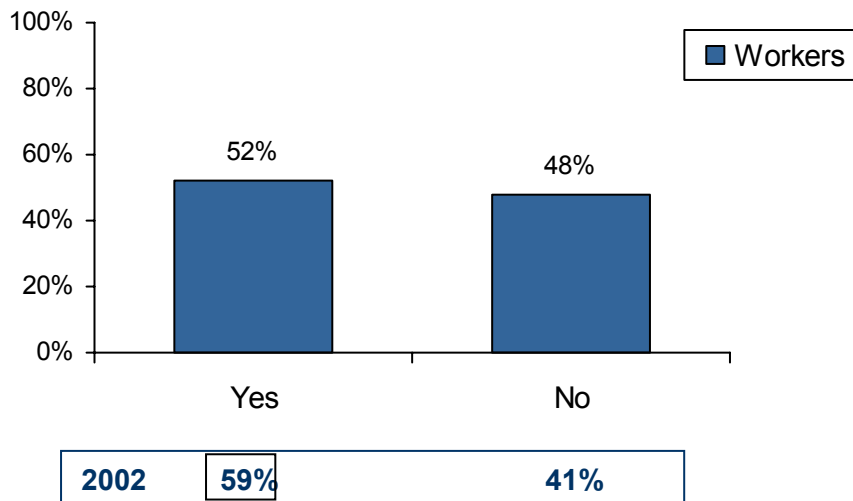
Other Savings for Retirement

- Currently, about one-half of workers (52%) are also saving for retirement outside of any plan offered by their employer, a decline from the 59% of workers doing so in 2002.
 - Among Baby Boomers, 55% are currently saving for retirement outside of work, down from 70% a year ago. As the market has improved, Baby Boomers may be feeling more comfortable that retirement savings with their current employer will be sufficient.
 - This decrease in the savings rate among Baby Boomers means that Baby Boomers and Gen Xers are now saving outside of work at much more similar rates than in 2002.
 - More married workers (59%) are saving outside of work than unmarried workers (40%).
- About two-thirds (65%) of married workers report that their spouse is currently participating in a retirement plan of his/her own. This is about the same rate reported by workers for their own participation.
 - Baby Boomers are more likely to have a spouse putting money aside in a retirement plan than Gen Xers (70% vs. 54%).

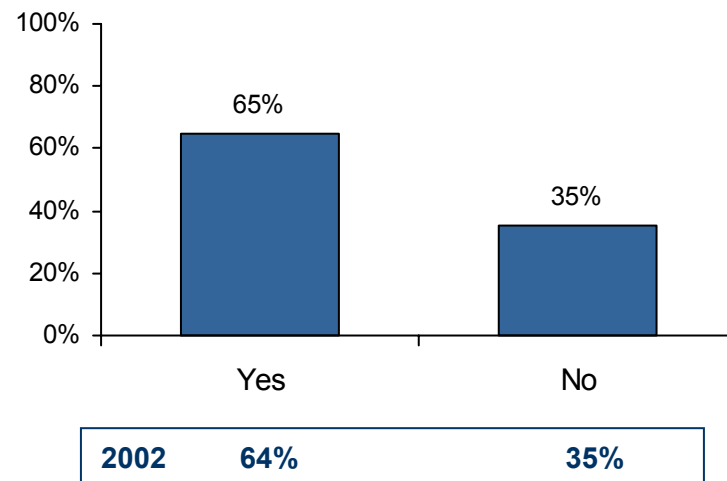


Other Savings for Retirement

Currently Saving Outside of Work



Spouse Currently Saving Money

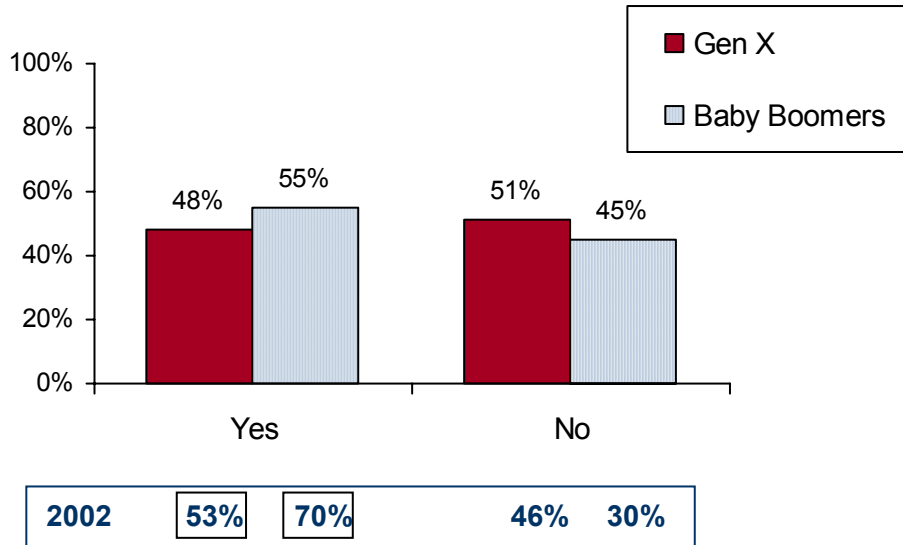


W Q12 Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.? Base: All Respondents (n=600)
W Q14 Is your spouse currently putting money aside in a retirement plan of his or her own? Base: Married (n=347)

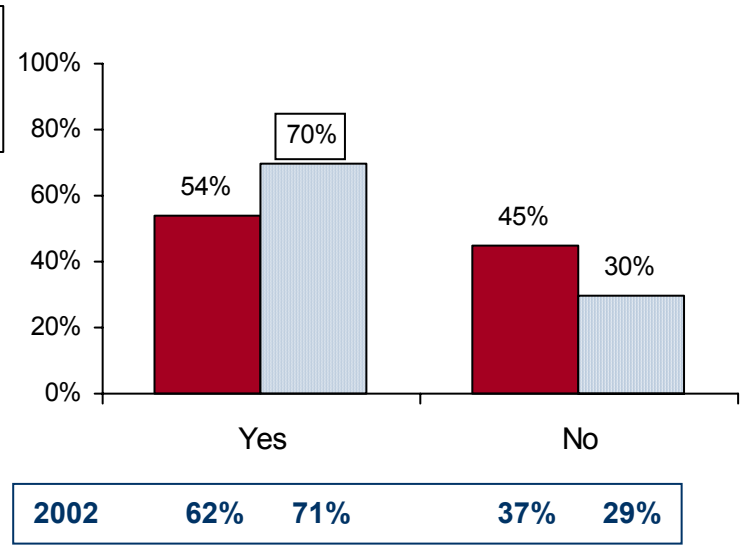


Other Savings for Retirement, cont'd.

Currently Saving Outside of Work



Spouse Currently Saving Money



W Q12 Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.? Base: All Respondents (G: n=182; B: n=289)

W Q14 Is your spouse currently putting money aside in a retirement plan of his or her own? Base: Married (G: n=97; B: n=196)



Retirement Timelines

- On average, workers who are saving for retirement started saving at 28 years of age, with nearly half (49%) claiming to have started saving at age 25 or younger.
 - Gen Xers are getting a head start compared to Baby Boomers with an average starting age of 24 years compared to age 31 for Baby Boomers. The incremental five year period represents a significant advantage for Gen Xers, as their funds will grow tax-deferred for a longer period.
 - Twice as many Gen Xers as Baby Boomers claim to have begun retirement savings before age 25 (71% vs. 30%).
 - One in four (39%) Baby Boomers did not begin saving for retirement until age 31 years or older.
- Workers hope to retire before the traditional age of 65 and report an average preferred retirement age of 63 years (up from 62 years in 2002). Since the age for receiving full Social Security benefits has increased, these workers face a substantial gap before they are eligible for full Social Security benefits.
 - One-fifth (21%) plan to retire before age 60, while another 1-in-6 (17%) plan to work past age 70.
 - Gen Xers remain more optimistic about being able to retire early, with an average expected retirement age of only 61 years compared to 64 years for Baby Boomers. Baby Boomers may be more realistic with retirement closer at hand.



Retirement Timelines, cont'd.

■ The recent economic downturn has had a significant impact on retirement planning, with more than one-third (38%) now expecting their retirement date to be further away than it was two years ago. Only 6% think they can accelerate retirement.

- Baby Boomers are more likely than Gen Xers to expect a delay in their retirement date, with 2-in-5 (43%) seeing retirement further away (compared to 37% of Gen Xers). The gap between generations has narrowed since 2002, but both groups are now more pessimistic.

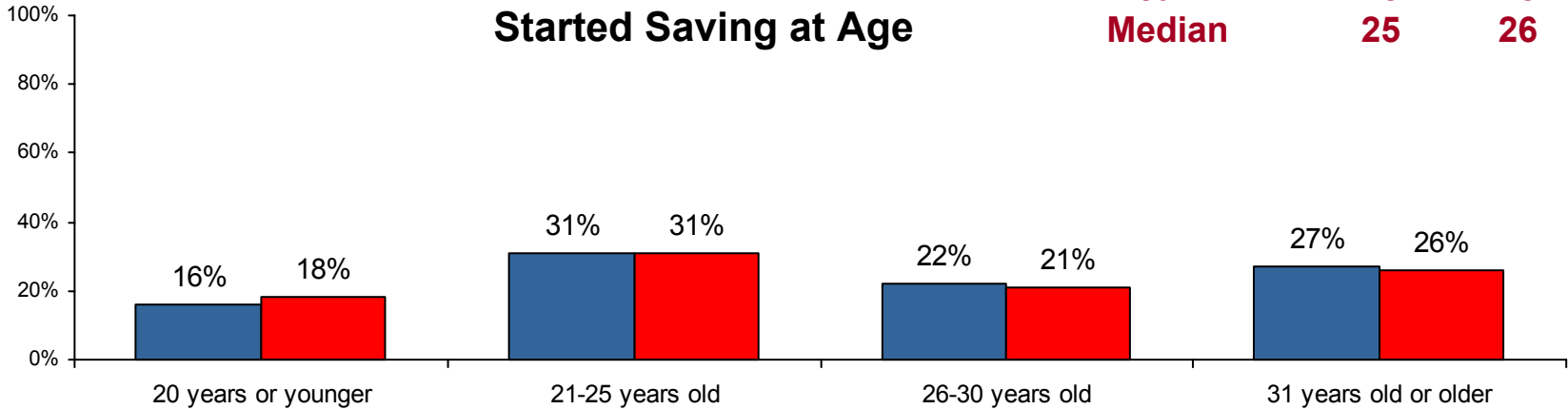


Retirement Timelines

■ 2002 ■ 2003

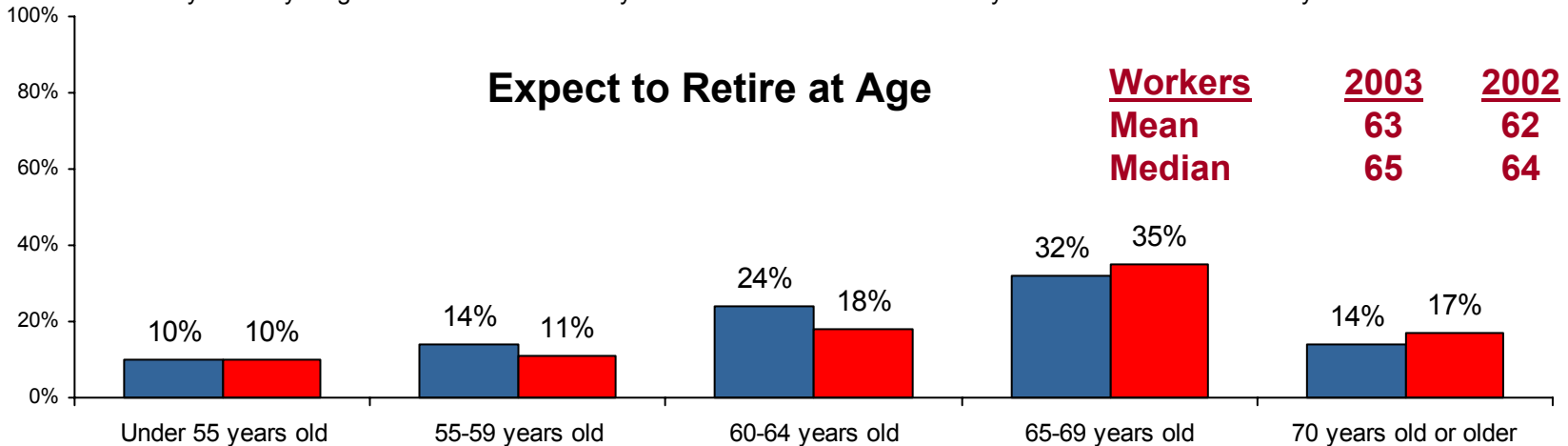
<u>Workers</u>	<u>2003</u>	<u>2002</u>
Mean	28	28
Median	25	26

Started Saving at Age



<u>Workers</u>	<u>2003</u>	<u>2002</u>
Mean	63	62
Median	65	64

Expect to Retire at Age

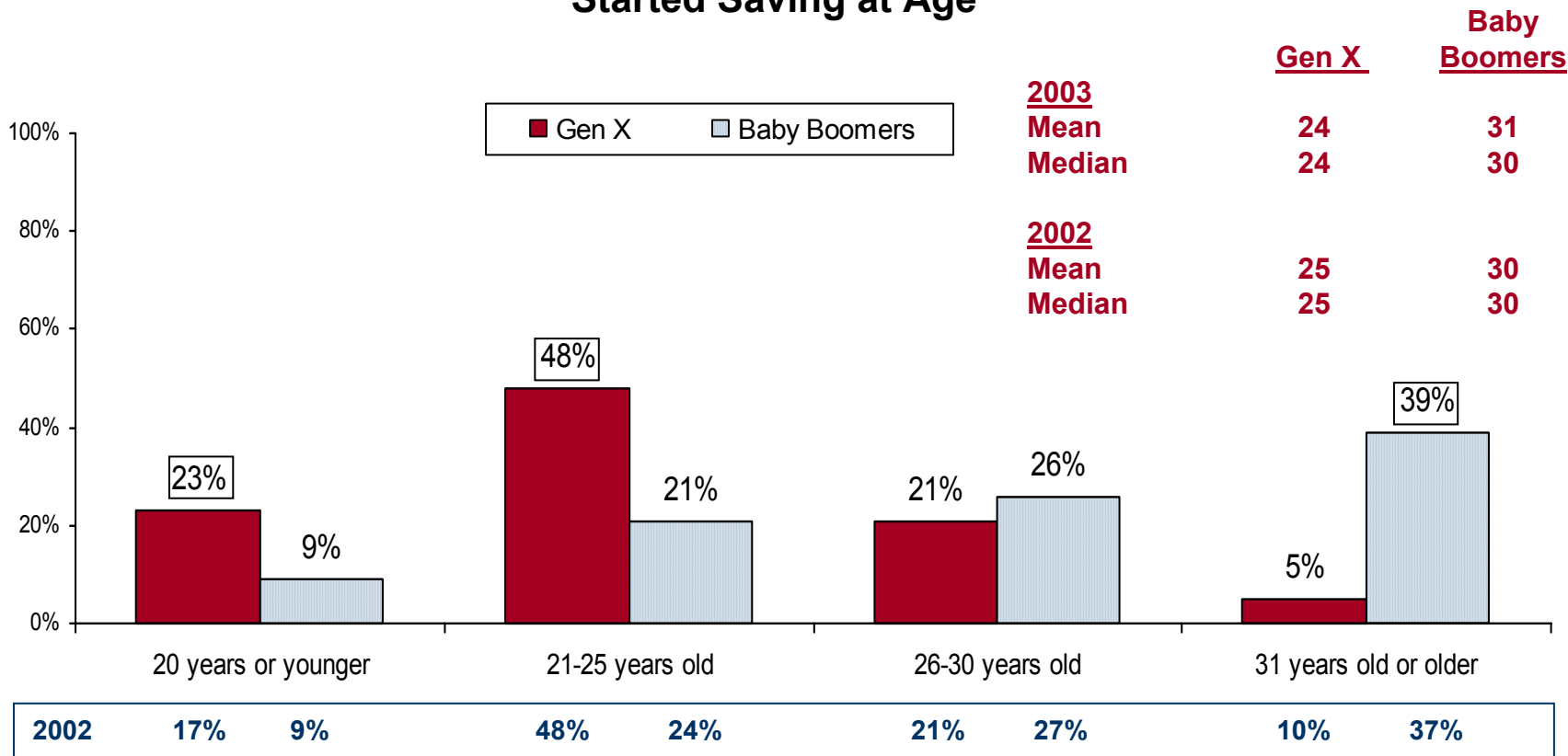


W Q16 At what age did you first start saving for retirement? Base: Company offers 401(k) type retirement benefits, have ever or currently participate in retirement savings plan or currently saving for retirement outside of work. (n=498)

W Q17 At what age do you think you will retire? Base: All Respondents (n=600)

Retirement Timelines, cont'd.

Started Saving at Age



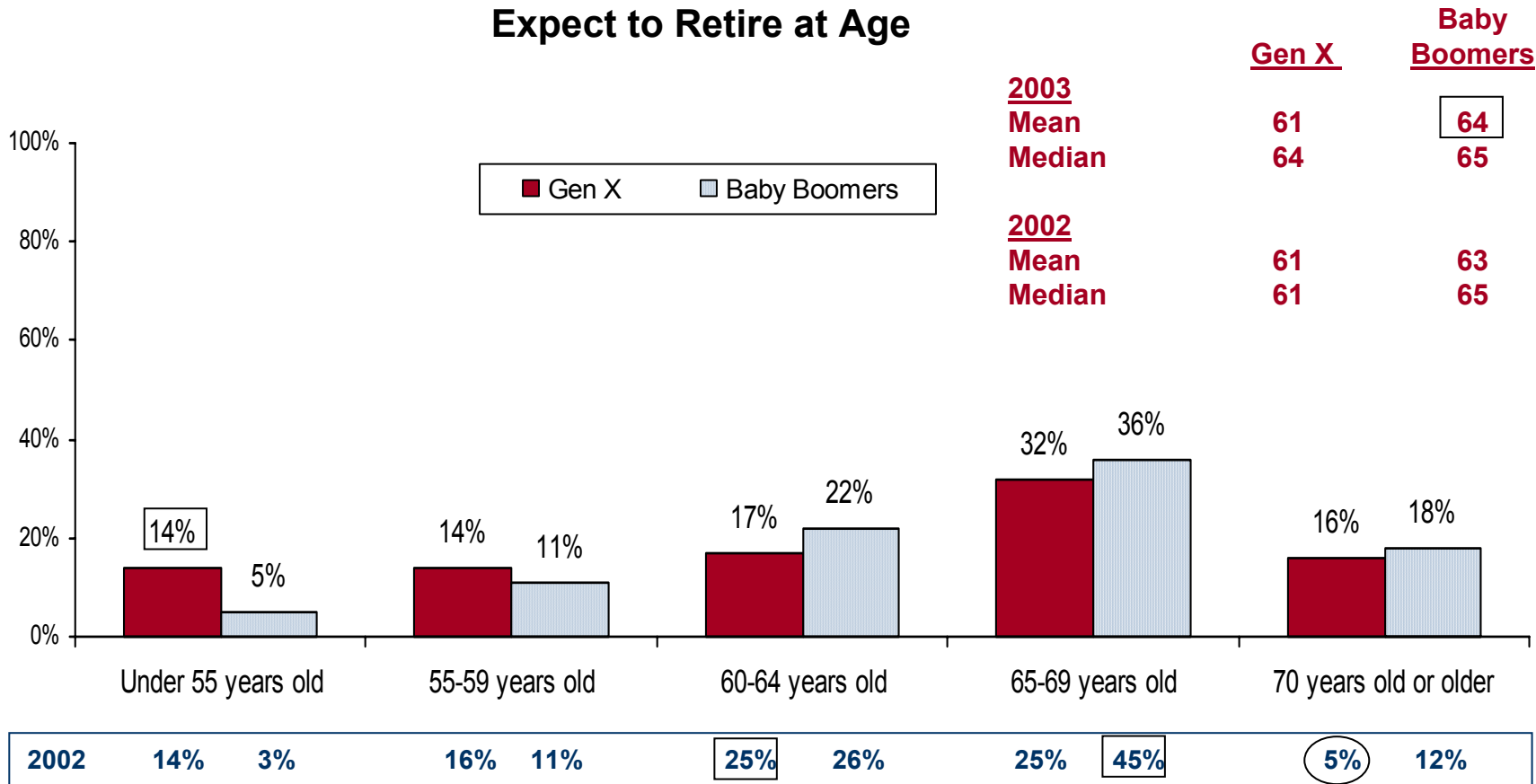
W Q16 At what age did you first start saving for retirement? Base: Currently Saving For Retirement (G: n=153; B: n=256)

W Q17 At what age do you think you will retire? Base: All Respondents (G: n=182; B: n=289)



Retirement Timelines, cont'd.

Expect to Retire at Age



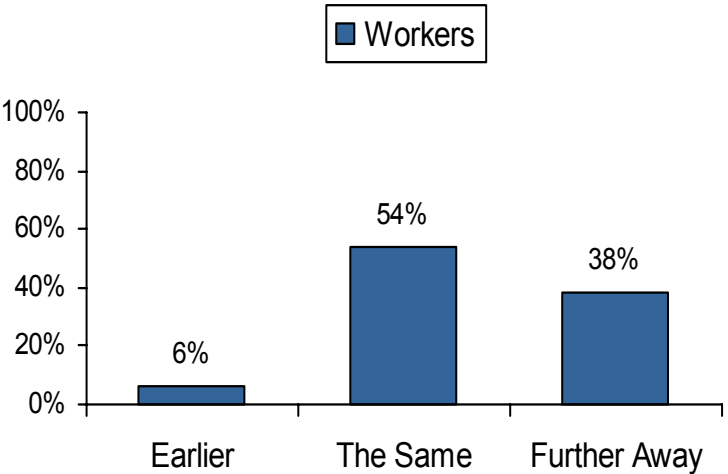
W Q16 At what age did you first start saving for retirement? Base: Currently Saving For Retirement (G: n=153; B: n=256)

W Q17 At what age do you think you will retire? Base: All Respondents (G: n=182; B: n=289)

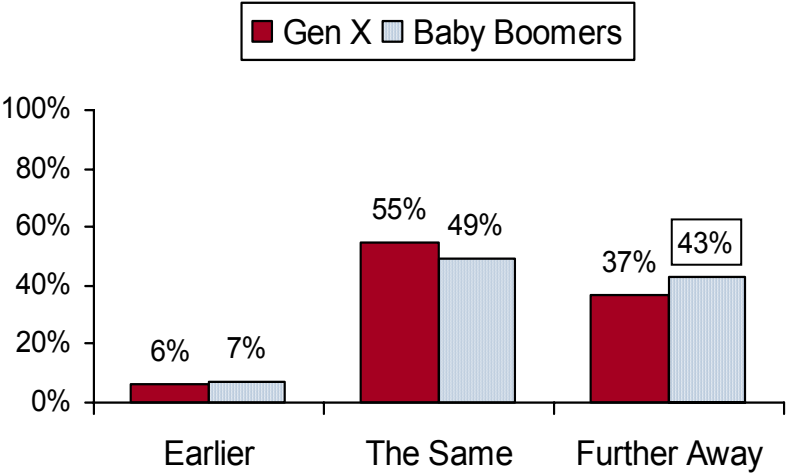


Changes in Expected Retirement Date

Change in Expected Retirement Date



2002	3%	63%	33%
-------------	-----------	------------	------------



2002	3%	2%	66%	58%	30%	39%
-------------	-----------	-----------	------------	------------	------------	------------

W Q18a In light of the recent economic downturn, do you expect your retirement date to be further away, earlier, or to be about the same as you thought 2 years ago? Base: All Respondents (n=600)

W Q18b Approximately how many additional years do you now see yourself working until your retirement? Base: Retirement Date Now Further Away (n=247)



Managing the Retirement Account

- In spite of the uncertain economic climate, 7-in-10 (70%) of workers held contributions to their retirement plans constant over the last year. One-fifth (19%) did change their asset allocation, and the same proportion (19%) increased the percentage of salary they contribute to their plan.
 - Gen Xers and Baby Boomers made similar changes to their retirement plans over the past 12 months.
- Few stopped contributing altogether (3%) or reduced their contribution (6%). A small proportion (5%) took out a loan.
 - The most common reason for stopping or decreasing contributions was affordability or need for the money now.
- Of those who changed asset allocations over the last year, half (48%) moved dollars into lower risk funds. More than one-third (38%) moved dollars to higher risk funds, perhaps in response to the rising market.
 - Twice as many workers moved dollars out of company stock as moved money into company stock (6% vs. 3%). This is a sharp drop in both types of moves from 2002, when the respective statistics were 28% and 15%.

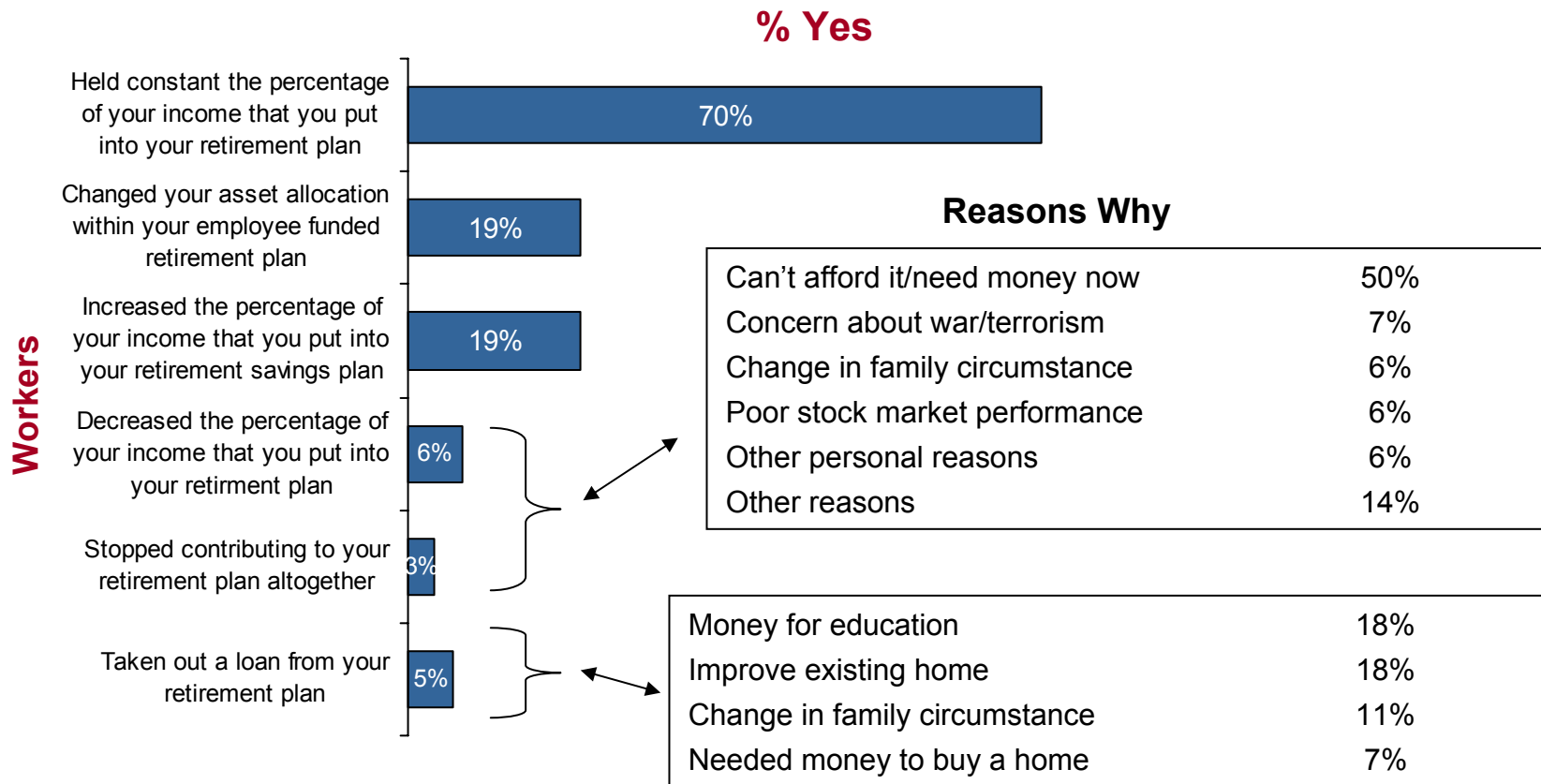


Managing the Retirement Account, cont'd.

- About one-third (32%) of workers do not monitor their retirement accounts monthly. Another third (32%) spend 30 minutes or less each month monitoring their accounts, and only about 1-in-10 (9%) report spending more than 4 hours a month.
 - Gen Xers and Baby Boomers spend similar amounts of time monitoring their retirement accounts.



Retirement Plan Activities



W Q8 In the past 12 months have you...? Base: Participate in Employee-Funded Retirement Plan (n=262)

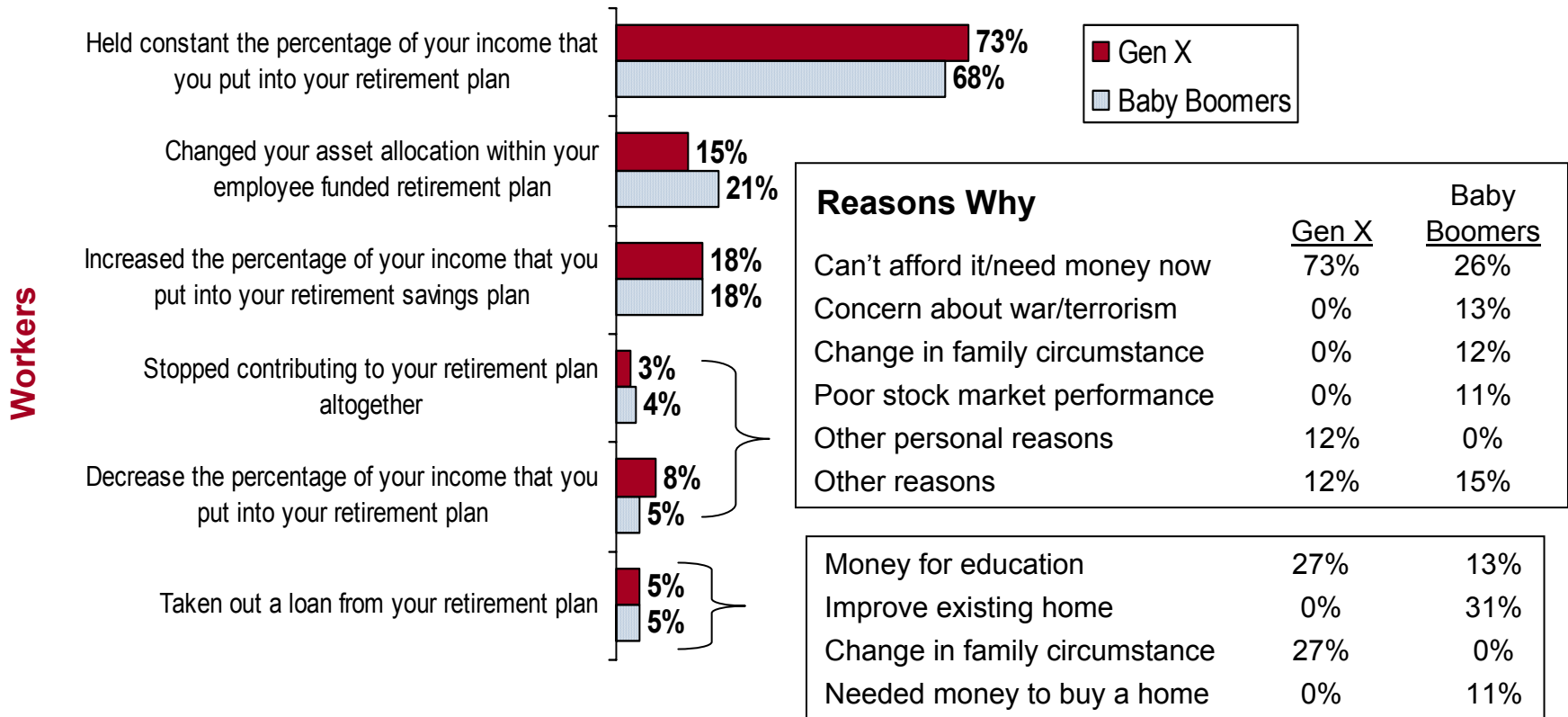
W Q9b Why did you reduce or eliminate your contribution to your retirement plan? Base: Reduced or stopped contributing to retirement plan (n=15)

W Q10 What was the reason for taking a loan from your retirement plan this year? Base: Took out loan (n=13)



Retirement Plan Activities, cont'd.

% Yes



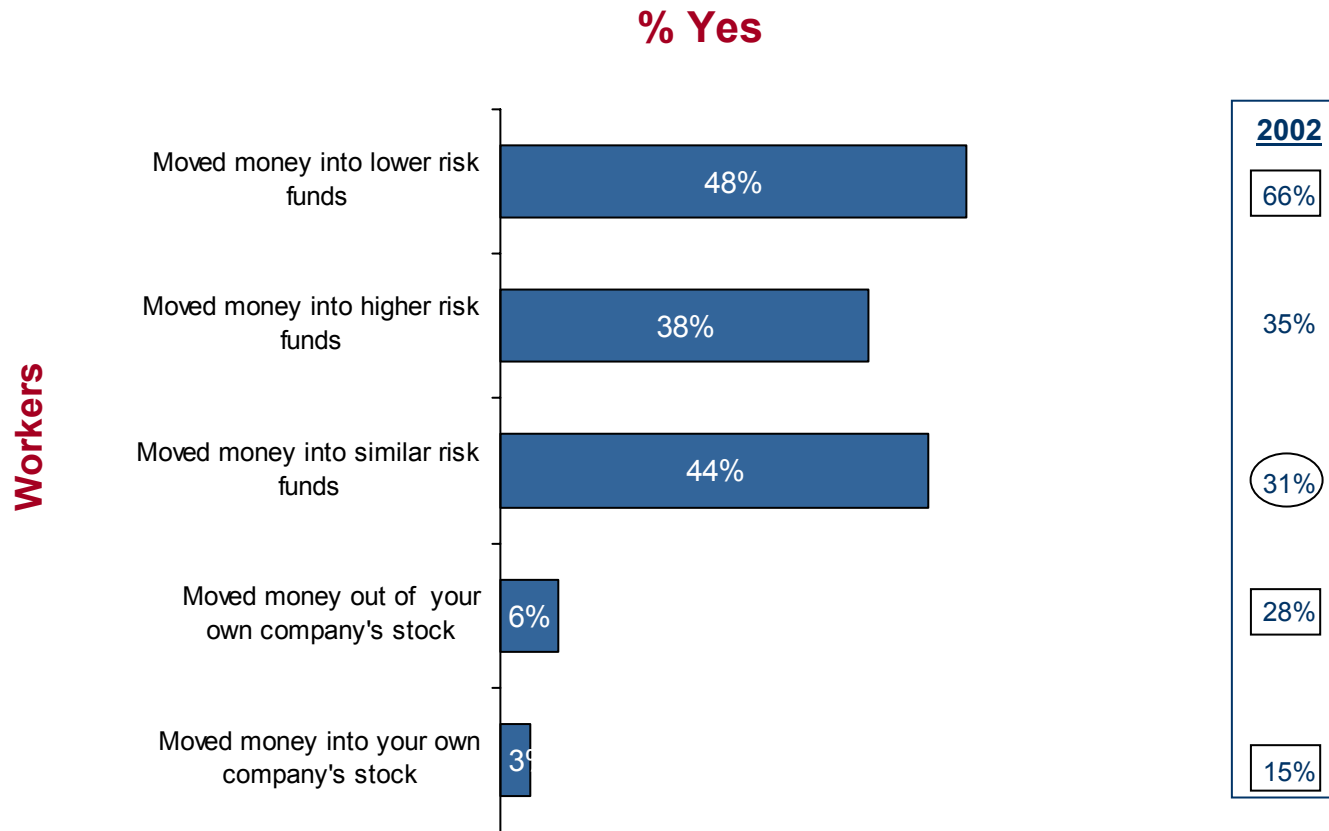
W Q8 In the past 12 months have you...? Base: Participate in Employee-Funded Retirement Plan G: n=78; B: n=151)

W Q9b Why did you reduce or eliminate your contribution to your retirement plan? Base: Reduced or stopped contributing to retirement plan (G: n=4; B: n=11)

W Q10 What was the reason for taking a loan from your retirement plan this year? Base: Took out loan G: n=3; B: n=9)



Changes in Allocation of Retirement Plan Balances

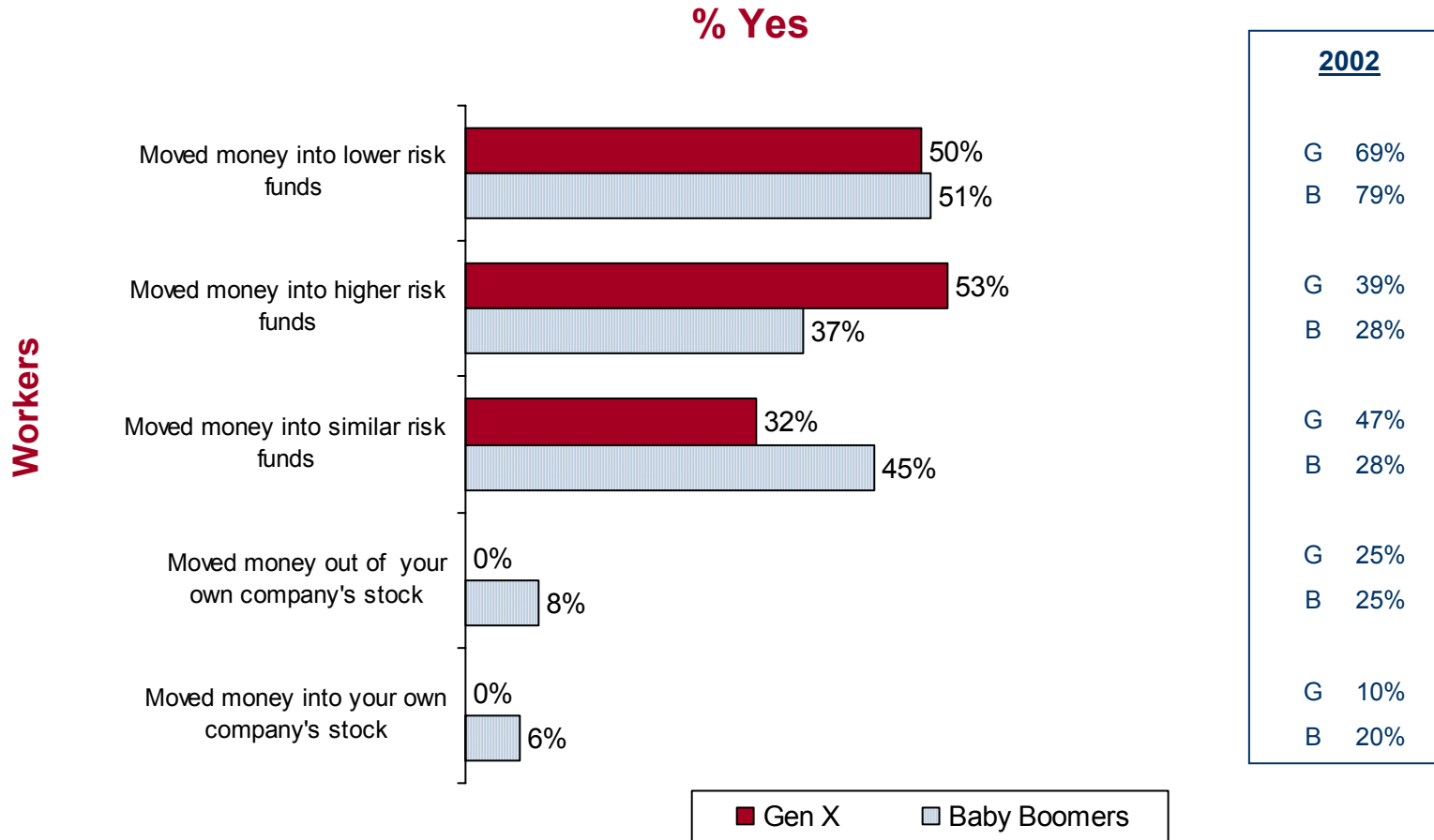


W Q9a In general, how did you change your asset allocation? Base: Changed Asset Allocation in Retirement Plan (n=55)



Changes in Allocation of Retirement Plan Balances, cont'd.

G - Gen X
B - Baby Boomers

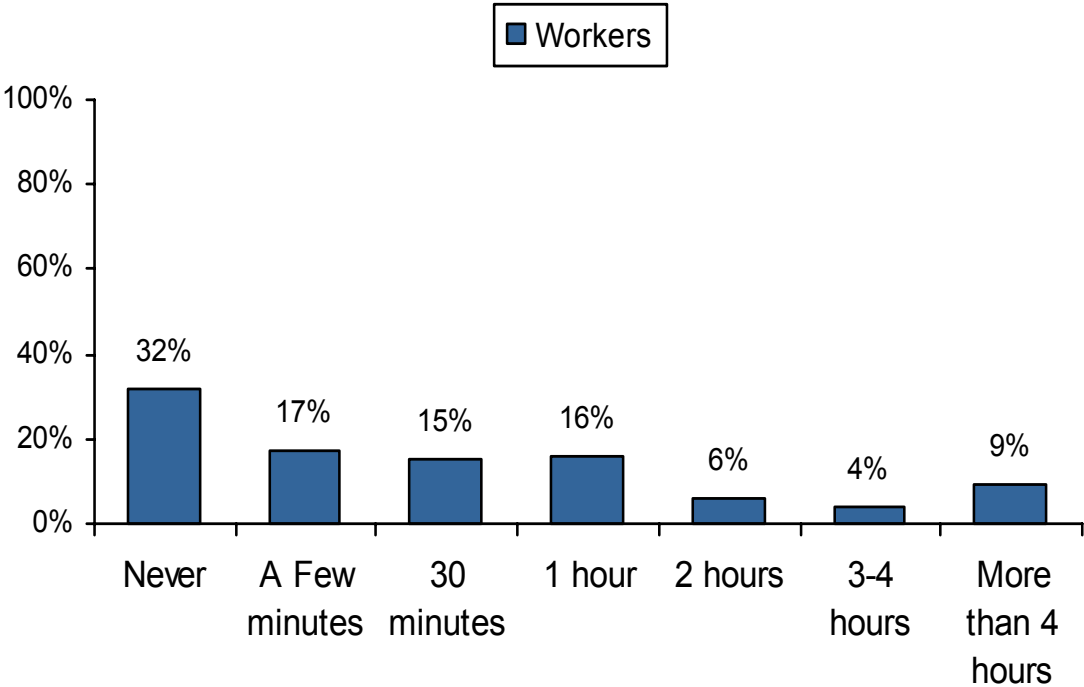


W Q9a In general, how did you change your asset allocation? Base: Changed Asset Allocation in Retirement Plan (G: n=11; B: n=37)



Monitoring Retirement Accounts

Monthly Frequency of Monitoring Retirement Accounts

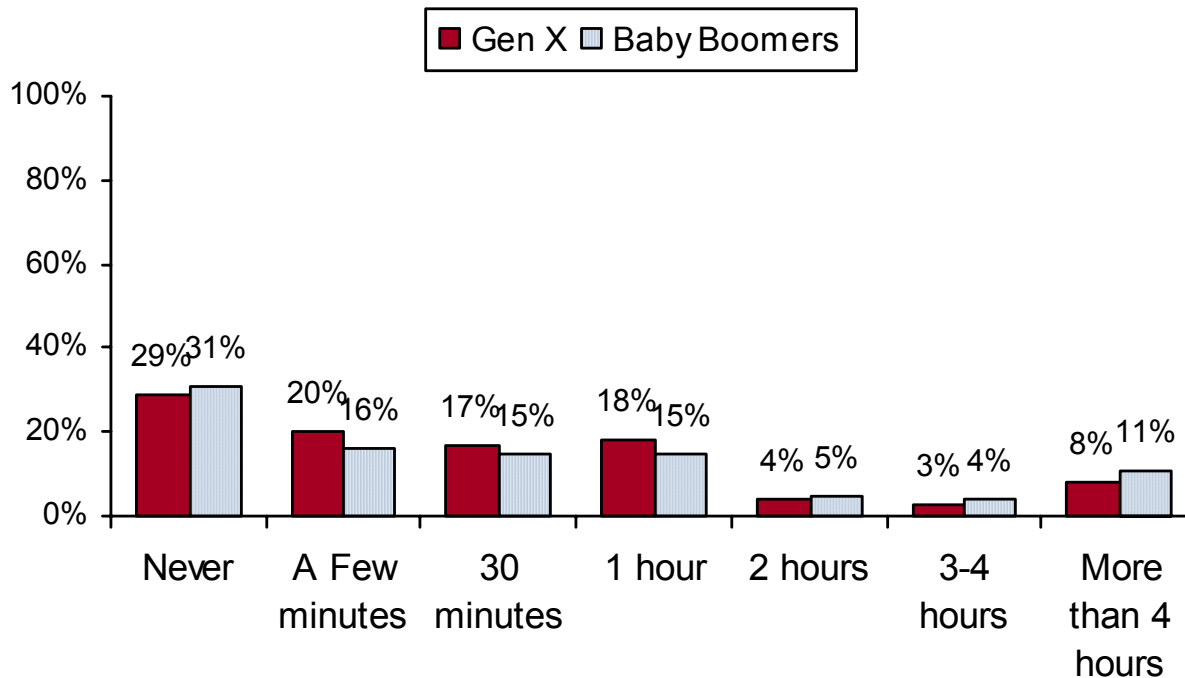


W Q19 About how much time per month do you spend reviewing and making decisions about your retirement accounts? Base: Company offers 401(k) type retirement benefits, have ever or currently participate in retirement savings plan or currently saving for retirement outside of work. (n=498)



Monitoring Retirement Accounts, cont'd.

Monthly Frequency of Monitoring Retirement Accounts



W Q19 About how much time per month do you spend reviewing and making decisions about your retirement accounts? Base: Company offers 401(k) type retirement benefits, have ever or currently participate in retirement savings plan or currently saving for retirement outside of work. (G: n=153; B: n=256)

Detailed Findings - 2003

Financial Attitudes and Behaviors

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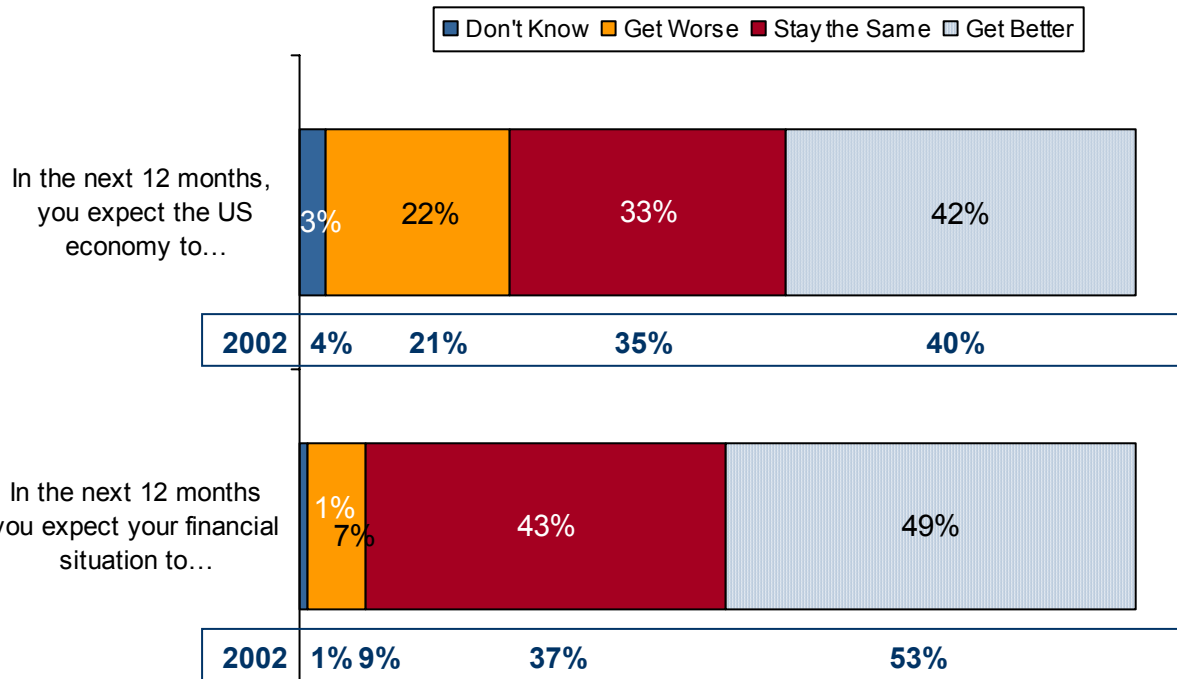
General Attitudes about the Economy

- Workers continue to be more optimistic about their personal financial future than about the country's economic future - 49% believe their own situation will improve compared to 42% who believe the country's situation will improve.
 - But the differential is less than in 2002, when the respective proportions were 53% and 40%.
 - Only one-third as many expect their personal situation to worsen as fear the U.S. economic situation may worsen (7% vs. 22%).
 - Baby Boomers and Gen Xers differ on two metrics.
 - Baby Boomers are much more likely than Gen Xers to expect their personal financial situation to get worse (12% vs. 4%).
 - Gen Xers are more likely than Baby Boomers to expect their personal financial situation to get better (54% vs. 45%).
 - Other findings include:
 - Salary-motivated workers are more likely than benefits-motivated workers to feel the U.S. economy will get worse (30% vs. 16%).
 - Men are more optimistic than women about the economy's improving (49% vs. 34%), although they are also somewhat more likely to think their personal financial situation will worsen (10% vs. 4%).
 - Workers saving for retirement outside of work are more likely than others to feel the economy will improve (50% vs. 34%).



General Attitudes about the Economy

Workers



W Q1 In the next 12 months do you expect that the US economy will get better, stay about the same or get worse? Base: All Respondents (n=600)
 W Q2 In the next 12 months do you expect your financial situation to get better, stay about the same or get worse? Base: All Respondents (n=600)

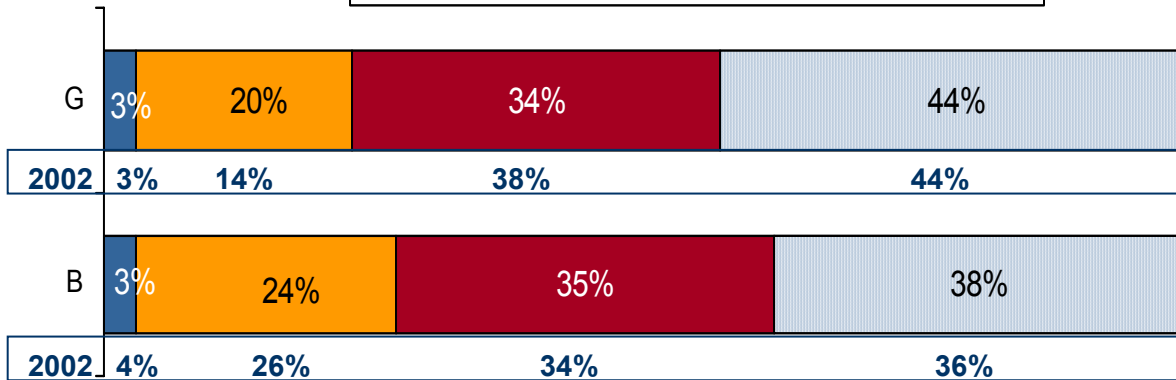


General Attitudes about the Economy, cont'd.

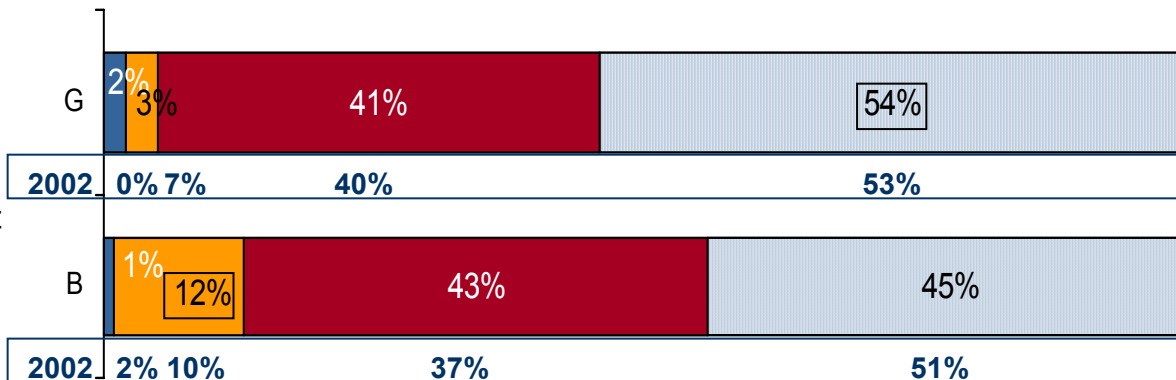
G - Gen X
B - Baby Boomers

■ Don't Know ■ Get Worse ■ Stay the Same □ Get Better

In the next 12 months, you expect the US economy to...



In the next 12 months, you expect your financial situation to...



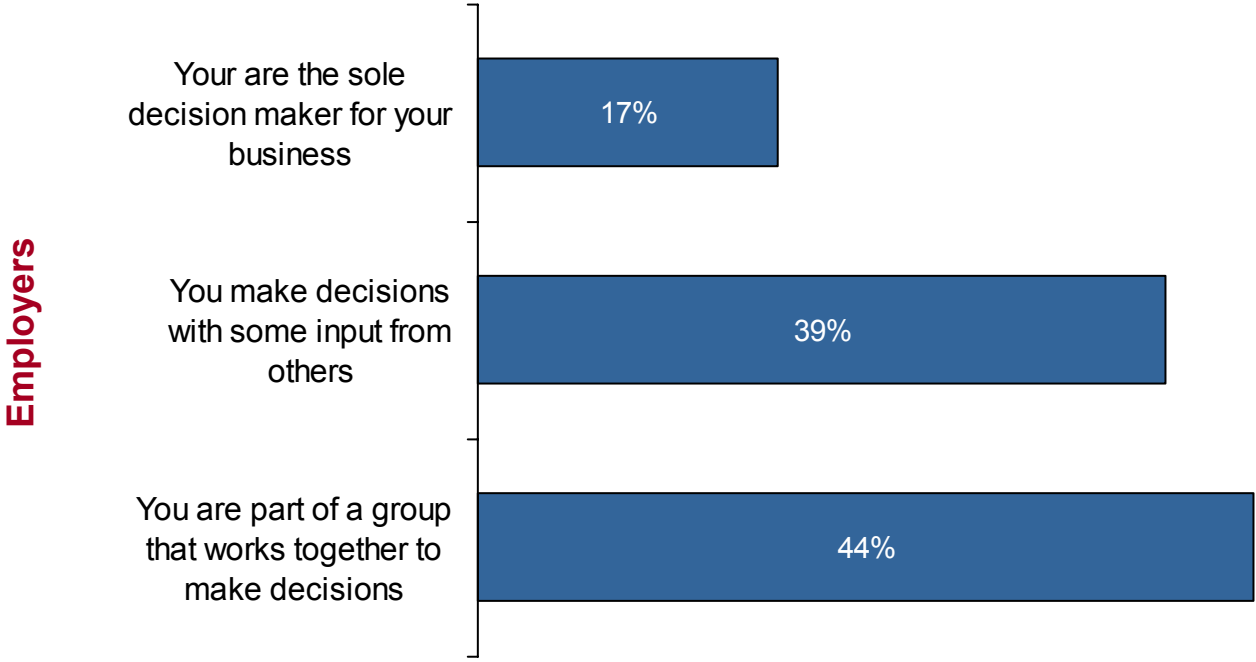
W Q1 In the next 12 months do you expect that the US economy will get better, stay about the same or get worse? Base: All Respondents (G: n=182; B: n=289)
W Q2 In the next 12 months do you expect your financial situation to get better, stay about the same or get worse? Base: All Respondents (G: n=182; B: n=289)

Company Characteristics (Firmographics)

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Decision Making Role



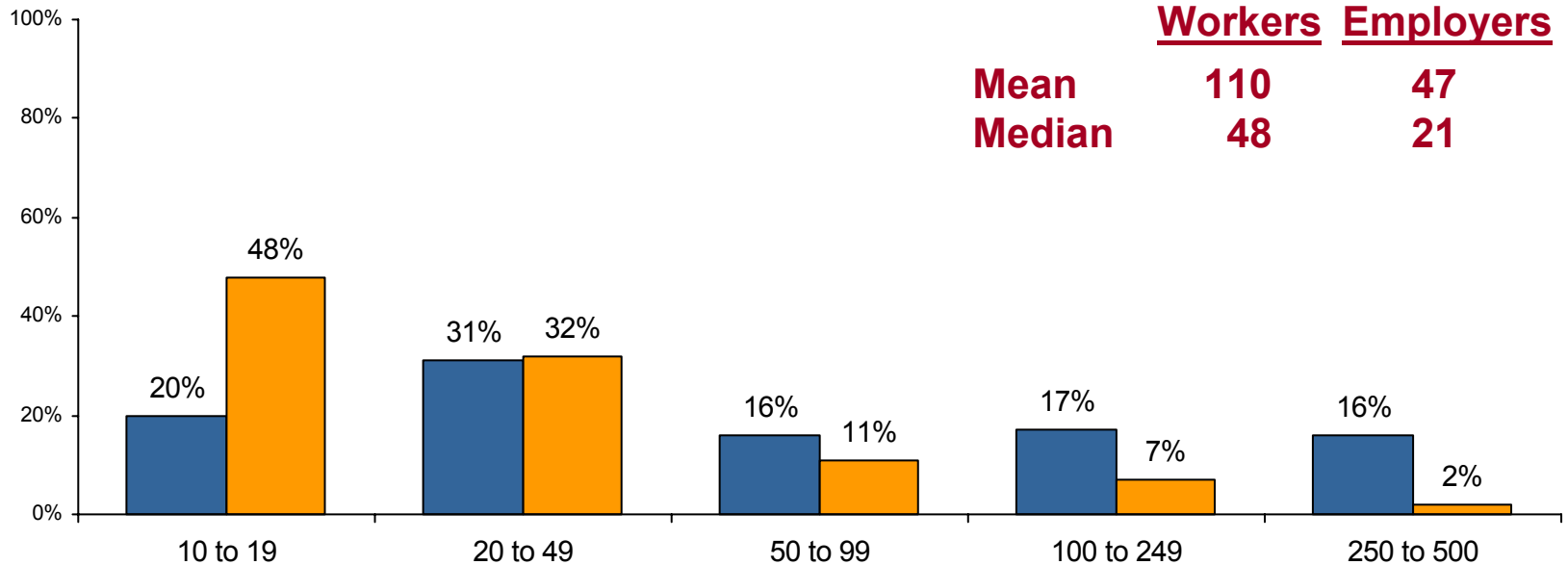
E QS2 Which of the following best describes your role in making decisions about employee benefits for your business? Base: All Respondents (n=300)



Number of Employees

W - Workers
E - Employers

Workers Employers



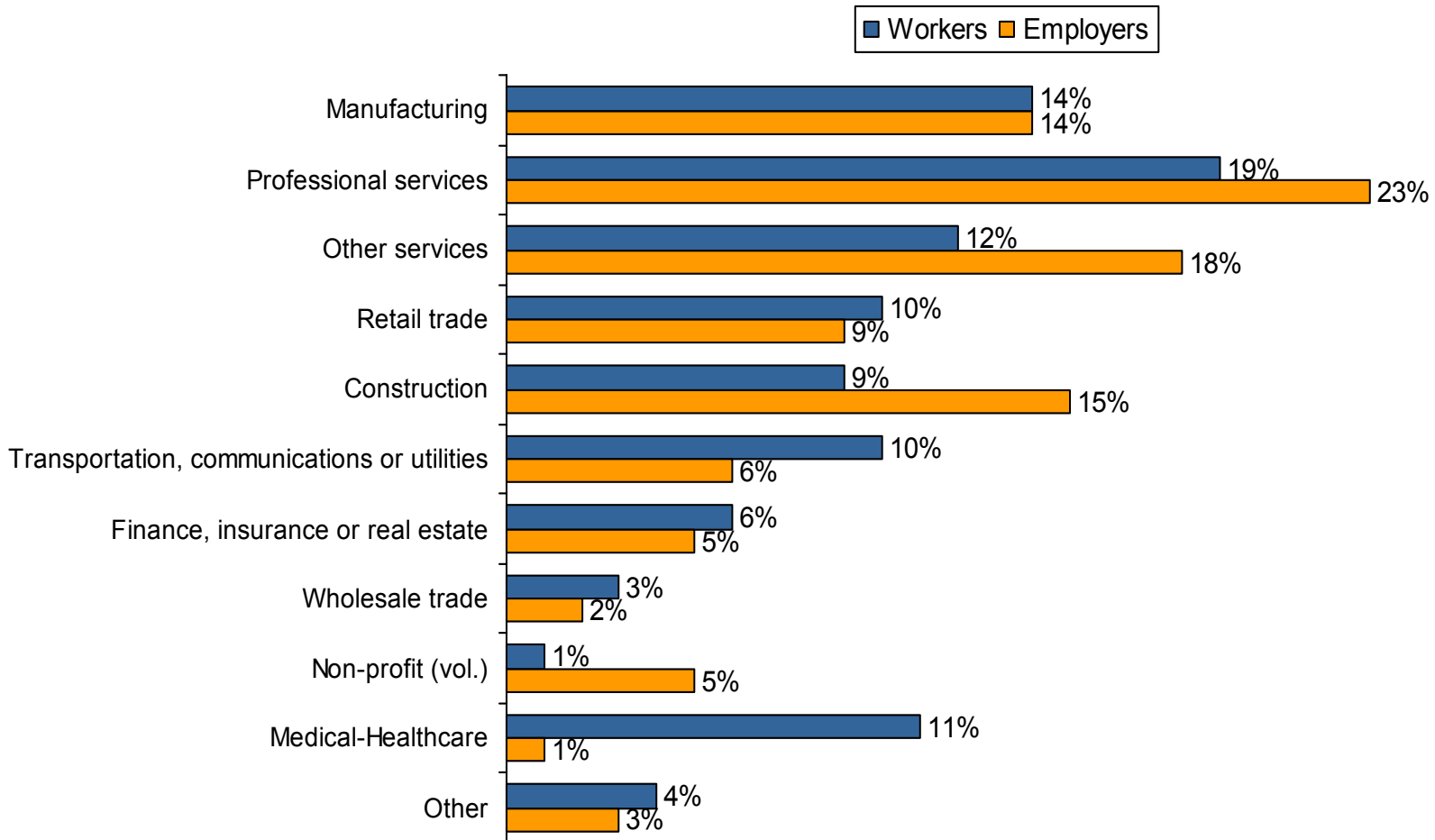
	<u>Workers</u>	<u>Employers</u>
Mean	110	47
Median	48	21

W S4 Approximately how many people, including yourself, are employed at the company you work for? Please include employees working at all locations of your company. Base: All respondents (n=600)

E S6 Including all workers at all locations and sites, approximately how many people are currently employed full-time, 35 hours or more per week, at your company? Base: All respondents (n=300)



Industry



W F Which of the following industry categories best describes your company's primary business? Base: All respondents (n=600)

E A Which of the following industry categories best describes your company's primary business? Base: All respondents (n=300)

Company Demographics

(n=300)	Employers
Title	
CEO/President/Owner	30%
Human Resources Mgr	10%
Office Manager/General Manager	18%
Purchasing Dept./Controller	1%
VP	5%
Accounting	7%
Business Operations Manager	5%
Administrator/Administrative Services	6%
CFO	3%
Director	4%
Other	10%

(n=300)	Employers
Total Annual Revenues	
Less than \$200,000	1%
\$200,000 - <\$500,000	5%
\$500,000 - < \$1 million	11%
\$1 million - <\$2.5 million	20%
\$2.5 million - < \$5 million	18%
\$5 million - < \$10 million	10%
\$10 million - < \$25 million	5%
\$25 million - <\$50 million	2%
\$50 million - < \$100 million	1%
\$100 million or more	1%

(n=300)	Employers
Department	
Head office	30%
Management/Operations	27%
Accounting/Finance	13%
Human Resources/Personnel	12%
Administration	11%
Benefits/Payroll	1%
Other	5%
None	1%

Worker Demographics

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Worker Demographics

(n=600)	Workers Only
Age	
18-24	12%
25-38	38%
39-57	40%
58+	10%
Gender	
Male	55%
Female	45%
Adults in Household	
1	15%
2	58%
3	21%
4	4%
5 or more	2%

(n=600)	Workers Only
Education Completed	
High school or less	49%
Trade/Vocational school	5%
1-3 years of college	23%
4 years of college	15%
Some Graduate school	2%
Graduate school degree	6%



Worker Demographics

(n=600)	Workers Only
Time of Employment	
Less than a year	16%
1 to 2 years	22%
3 to 4 years	11%
5 to 10 years	27%
Over 10 years	24%
Household Income	
\$14,999 or less	4%
\$15,000 - \$24,999	9%
\$25,000 - \$34,999	11%
\$35,000 - \$49,999	16%
\$50,000 - \$74,999	24%
\$75,000 - \$99,999	14%
\$100,000 - \$124,999	7%
\$125,000 - \$149,999	5%
\$150,000 or more	4%

(n=600)	Workers Only
Profession	
Manager or executive	17%
Professional	18%
Sales	11%
Clerical or administrative	10%
Laborer or operative	18%
Skilled worker or craftsman	10%
Business owner	3%
Semi-professional or technical	8%
Other	2%

Worker Demographics

	Workers Only
Marital Status	<i>(n=600)</i>
Married	63%
Single	28%
Divorced or Separated	8%
Widowed	1%
Retirement Savings	<i>(n=450)</i>
Less than \$5,000	10%
\$5,000 - \$9,999	10%
\$10,000 - \$24,999	12%
\$25,000 - \$49,999	12%
\$50,000 - \$99,999	11%
\$100,000 - \$249,999	6%
\$250,000 - \$499,999	4%
\$500,000 or more	1%

	Workers Only
Current Employer's Plan	<i>(n=262)</i>
Less than \$5,000	22%
\$5,000 - \$9,999	11%
\$10,000 - \$24,999	16%
\$25,000 - \$49,999	7%
\$50,000 - \$99,999	6%
\$100,000 - \$249,999	3%
\$250,000 or more	1%
Ethnicity	<i>(n=600)</i>
Hispanic, Spanish, Latino	15%
White	67%
African American/Black	10%
Other	8%

Appendix

Summary of Methodologies 1998, 2000, 2001, 2002 and 2003

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Methodology for All Study Waves

Study Year (Field Period)	2003 (August)	2002 (October)	2001 (August)	2000 (May)	1998 (November)
Workers - Telephone Interviewing					
Sample Size	600	765	500	who also qualify as employers)	who also qualify as employers)
Sample Description	National RDD	National RDD	National RDD	National	Major MSA's
Age	18+ years	18+ years	25+ years	26-54 years	25-52 years
Employment	Full-time currently	Full-time currently	Full-time currently	Full-time currently or last 6 months	Full-time currently or last 6 months
Company Type	Excludes public and government	Excludes public and government	Excludes public and government	Excludes public sector	unknown
Company Size	10-500 employees	10-500 employees	10-500 employees	10-500 employees	2-1500 employees
Weighting	Demographic and by company size (Harris Interactive telephone targets)	Demographic and by company size (Harris Interactive telephone targets)	Company size (Census)	unknown	unknown
Employers - Telephone Interviewing					
Sample Size	300	300	200	200 (identified from worker sample based on role); also included in worker sample	employee sample by claimed business ownership); also included in worker sample
Sample Description	National	National	National	National	Major MSA's
Decision Role	Sole or joint decision maker	Sole or joint decision maker	Sole or joint decision maker	Business owner or principal	Self-employed or one of principal owners
Company Size	10-500 employees	10-500 employees	10-500 employees	10-500 employees	2-1500 employees
Industry	Excludes government, public administration, schools, religious organizations	Excludes government, public administration, schools, religious organizations	unknown	Excludes public sector	unknown
Weighting	Company Size (D&B)	Company Size (D&B)	Company Size (Census)	unknown	unknown